May 10, 2013

Summary of Consolidated Financial Results Fiscal Year Ended March 31, 2013

[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 21, 2013
Scheduled date of payment of dividend: June 6, 2013
Scheduled date of filing of Annual Security Report: June 24, 2013
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 10, 2013 at 16:00 (GMT +9)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Apr. 1, 2012 – Mar. 31, 2013)

(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, 2013	10,139	12.3	314	10.6	355	8.7	168	24.3
Fiscal year ended Mar. 31, 2012	9,027	0.4	284	34.6	327	23.8	135	(37.4)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2013: 193 (up 41.5%)
Fiscal year ended Mar. 31, 2012: 136 (down 40.5%)

	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, 2013	35.52	35.39	3.8	4.6	3.1
Fiscal year ended Mar. 31, 2012	28.64	28.49	3.1	4.3	3.1

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2013: - Fiscal year ended Mar. 31, 2012: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2013	8,050	4,489	55.0	929.70
As of Mar. 31, 2012	7,363	4,386	59.2	917.91

Reference: Shareholders' equity (million yen) As of Mar. 31, 2013: 4,429 As of Mar. 31, 2012: 4,357

(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, 2013	181	(449)	(145)	1,609
Fiscal year ended Mar. 31, 2012	589	(202)	(790)	2,015

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, 2012	-	0.00	-	25.00	25.00	118	87.3	2.7
Fiscal year ended Mar. 31, 2013	-	0.00	-	25.00	25.00	119	70.4	2.7
Fiscal year ending Mar. 31, 2014 (forecasts)	-	0.00	-	25.00	25.00		52.8	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2014 (Apr. 1, 2013 – Mar. 31, 2014)

(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	4,867	3.7	0	-	7	(77.3)	0	-	-
Full year	10,900	7.5	400	27.3	450	26.4	225	33.2	47.32

*** 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 stock)
Mar. 31, 2013: 5,128,330 shares Mar. 31, 2012: 5,111,730 shares
2) Number of shares of treasury stock at the end of period
Mar. 31, 2013: 364,140 shares Mar. 31, 2012: 364,140 shares
3) Average number of shares outstanding during the period
Fiscal year ended Mar. 31, 2013: 4,755,128 shares Fiscal year ended Mar. 31, 2012: 4,742,363 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Apr. 1, 2012 – Mar. 31, 2013)

(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, 2013	7,956	6.4	222	(18.6)	249	(17.8)	115	(19.5)
Fiscal year ended Mar. 31, 2012	7,475	0.5	272	(1.6)	303	(14.5)	143	(53.4)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2013	24.27	24.18
Fiscal year ended Mar. 31, 2012	30.24	30.07

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2013	7,439	4,730	63.6	992.66
As of Mar. 31, 2012	7,178	4,708	65.6	991.63

Reference: Shareholders' equity (million yen) As of Mar. 31, 2013: 4,729 As of Mar. 31, 2012: 4,707

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2014 (Apr. 1, 2013 – Mar. 31, 2014)

(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	3,833	6.3	0	-	6	-	4	-	0.84
Full year	8,600	8.1	360	62.1	410	64.3	205	77.7	43.11

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 10,139 million yen (up 12.3% year on year), operating income of 314 million yen (up 10.6% year on year), ordinary income of 355 million yen (up 8.7% year on year), and net income of 168 million yen (up 24.3% year on year). Results by segment were as follows.

In the software business (individualized contracted software development), sales declined year on year from the telecommunications industry and educational institutions, but increased from the finance/insurance/brokerage industry, the manufacturing industry, the service/retail industry, and the public sector. As a result, net sales totaled 6,484 million yen (up 12.1% year on year) and operating income 118 million yen (up 7.2% year on year).

In the package business (sale and related services of operational reform packages for schools), net sales totaled 1,913 million yen (down 0.2% year on year) and operating income 299 million yen (down 29.2% year on year). Product maintenance, implementation support, end user computing (EUC: individualized contracted development of related systems), and program product (PP) sales to universities increased year on year, but, IT equipment sales declined.

Lastly, in the system sales business (IT equipment sales and IT/telecom infrastructure construction), equipment sales to the service/retail industries declined year on year, but were firm to educational institutions and the public sector. Also, goodwill amortization had finished in the previous fiscal year. As a result, net sales totaled 1,649 million yen (up 25.1% year on year), and operating income 71 million yen (compared with an operating loss of 13 million yen in the previous fiscal year).

2) Forecasts for the new fiscal year

Conditions remained harsh for the Japanese economy during the fiscal year under review due to protracted deflation and concerns of a slowdown of the global economy particularly in Europe. Although economic sentiment improved as the yen depreciated and share prices rose from the second half of the fiscal year, the economy has yet to stage a full recovery.

In the domestic IT industry, net sales in the information services sector, which had fallen year on year for 28 straight months, began to rise from October 2011 according to the Ministry of Economy, Trade and Industry's latest "Survey of Selected Service Industries" (the final February figures). Signs of a recovery in the overall industry have therefore begun to emerge. However, sales rose just slightly increased 1.1%, suggesting the recovery remains fragile.

Against this backdrop, the Group's slogan for the fiscal year was to "go on the offense." While maintaining its earnings foundation from stable long-term clients, its traditional strength, it focused on making progress in moving new businesses – such as solutions for medicalcare (JMICS) and finance (BankNeo), both of which the Group has been working on for years – to a stage of meaningful earnings contribution and on pursuing alliances and M&A. The Group aims for continuous growth by shifting from a "passive" contracted development business model to a more "active" business model of selling proprietary brand products. Also, it has reorganized its corporate structure and established a global business department to prepare for the Group's business expansion and full-fledged entry into global markets. The Group's strategy for each business segment is discussed below.

In the software business, the Group will move forward with establishing a regional-based business structure with head offices in Tokyo and Osaka. The Group will reorganize the Tokyo head office into two business divisions targeting the "big data" market. In the Osaka head office, the Group will newly establish a department for planning and proposing new solutions to continue to strengthen its earnings foundation and move forward with proposal-based marketing to achieve continued earnings expansion. Also, in order to commercialize new businesses more quickly and establish new earnings pillars, the Group has reorganized its financial-related division into three regional bases, and, in the medicalcare services division, established a dedicated business head and appointed an advisor to enhance advisory capabilities.

In the package business, the Group established business divisions in the major markets of greater Kanto and greater Kansai to localize operations and firmly expand its market share in each region, and will provide the latest educational IT services including information terminals and hosting services. Also, the Group develops next-generation mainstay products and put into practice new business concepts, and is continuously working to ensure that the school operations reform package "GAKUEN" becomes the dominant brand in the education market.

Lastly, 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 on launching new solutions utilizing cloud technology to build a new business platform and maintain earnings expansion.

Based on the above, we expected increases in sales and profits; net sales of 10,900 million yen (up 7.5% year on year), operating income of 400 million yen (up 27.3% year on year), ordinary income of 450 million yen (up 26.4% year on year), and net income of 225 million yen (up 33.2% 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 6,131 million yen, up 1.2% over the end of the previous fiscal year. The main factors were a decrease in cash and deposits and an increase in notes and accounts receivable-trade due to higher net sales at the end of fiscal year. The balance of noncurrent assets was 1,918 million yen, up 47.0% over the end of the previous fiscal year, mainly due to increases in noncurrent assets from the office expansion and relocation and guarantee deposits, and an increase in goodwill.

The balance of current liabilities at the end of the current fiscal year was 2,194 million yen, up 26.5% over the end of the previous fiscal year. The main factors were increases in accounts payable-trade and accounts payable-other. The balance of noncurrent liabilities was 1,365 million yen, up 10.0% over the end of the previous fiscal year. This was mainly due to an increase in allowances related to the retirement of directors and employees, and an increase in asset retirement obligations from the office relocation.

The balance of net assets was 4,489 million yen at the end of the current fiscal year, up 2.4% over the end of the previous fiscal year. The main factor was an increase in surplus due to the booking of net income.

2) Cash flows

Cash and cash equivalents (hereafter “funds”) decreased 405 million yen from 2,015 million yen at the start of the current fiscal year to 1,609 million yen at the end of the current fiscal year.

Cash flows by category were as follows.

Cash flows provided by operating activities totaled 181 million yen, compared with 589 million yen provided in the previous fiscal year. This was mainly due to a net effect including an increase in notes and accounts receivable-trade and an increase in notes and accounts payable-trade.

Cash flows used in investing activities totaled 449 million yen, compared with 202 million yen used in the previous fiscal year. The main difference factors were purchase of property, plant and equipment and an increase in guarantee deposits.

Cash flows used in financing activities totaled 145 million yen, compared with 790 million yen used in the previous fiscal year. The main difference factor was a sharp decrease in short-term loans payable from the previous fiscal year.

Reference: Cash flow indicators

	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Equity ratio (%)	49.4	58.1	55.2	59.2	55.0
Equity ratio based on market value (%)	33.7	41.4	33.3	38.7	38.2
Average debt repayment period (years)	0.5	0.4	-	0.0	0.1
Interest coverage ratio (times)	92.6	106.6	-	178.8	89.1

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

Average debt repayment period: 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 stock.

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

* Interest payments use the amount of interest expenses paid stated on the consolidated statements 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, 2013, 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, 2014 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 this 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 21% of consolidated net sales in the fiscal year under review, and its top five clients approximately 27%. 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 investment securities, rental real estate, 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 associated with the dilution of equity

The Company’s Board of Directors resolved at a meeting held on March 23, 2011 to issue new share warrants in a third-party allocation. The Company intends to use proceeds from the exercise of these share warrants to expand operations, improve profitability, and enhance corporate value. However, based on the total number of authorized shares with voting right as of March 31, 2013, the issue of these shares could cause maximum dilution of 20.5%.

7) 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 three 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, and 3) the system sales business which sells hardware and software.

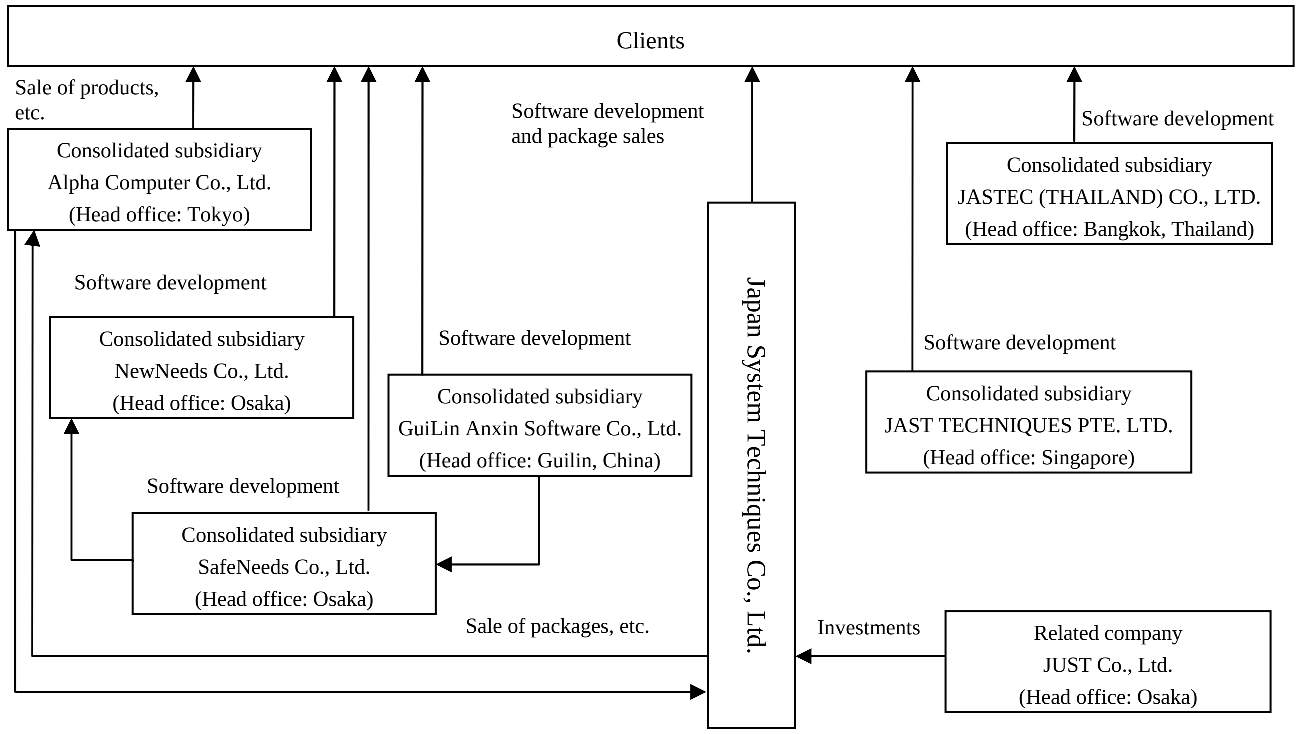
The table below shows the content of each of the Group's businesses.

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 medical information services sector including automated inspections of health insurance claims and medical expense notices - 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	

Business segment	Field	Content	Company name
Software business	Event applications (sports and cultural event systems)	- Professional Baseball Information System (BIS), 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	Japan System Techniques Co., Ltd. JAST TECHNIQUES PTE. LTD. JASTEC (THAILAND) CO., LTD. NewNeeds Co., Ltd. SafeNeeds Co., Ltd. GuiLin Anxin Software Co., Ltd.
	Outsourcing services	- Integrated operations management of core systems - Computer room operations, systems maintenance, and call center operations	
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 “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	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.

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



* NewNeeds Co., Ltd. and SafeNeeds Co., Ltd. are included in consolidation in the current fiscal year through the acquisition of stock. Since the executives of SafeNeeds own all shares of GuiLin Anxin Software Co., Ltd., and a majority of the number of the Board of Representatives, GuiLin Anxin Software effectively came under the control of the Company and included in consolidation in the current fiscal year.

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 through improving the profitability of core businesses (EPS was 35.52 yen in the fiscal year under review) in an early future. The Company also aims to further improve the ratio of net income to shareholders' equity, or ROE, which was 3.8% on a consolidated basis in the current fiscal year.

(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 globalizing and expanding its alliances, including through M&A activity, to create new growth drivers capable of reforming the business format. Concrete initiatives include commercializing proprietary brand services including healthcare-related services, integrated package solutions for financial institutions, and smartphone apps. Also, since 2011, 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 training and personnel systems capable of nurturing top-class talent.

(4) Challenges

Please see “1. Analysis of Results of Operations and Financial Condition, (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, the Group will strengthen the system in which “all employees are sales personnel,” integrate manufacturing and sales, realize maximum profits for each field unfettered by traditional divisions between “software business” and “package business,” and make a success of new businesses. To this end, its slogan for the fiscal year ending on March 31, 2014 will be “Have the tolerance to enjoy change and go on the offense to become No.1!" Also, it aims to accomplish the following eight 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) Have JMICS and BankNeo make appropriate contributions to the Company's earnings as independent businesses

4) Improve sophisticated next-generation solutions in the educational business

5) Have each group company achieve growth by leveraging their core competence to put independent management on track

6) Achieve results in global markets and further expand

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

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

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Assets		
Current assets		
Cash and deposits	3,537,485	2,938,177
Notes and accounts receivable-trade	1,766,455	2,337,520
Merchandise and finished goods	142,784	145,160
Work in process	310,505	291,906
Raw materials and supplies	1,885	3,112
Deferred tax assets	208,676	194,068
Other	92,848	224,350
Allowance for doubtful accounts	(2,553)	(3,056)
Total current assets	6,058,088	6,131,241
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	380,360	550,476
Accumulated depreciation	(269,431)	(232,452)
Buildings and structures, net	*2 110,929	*2 318,024
Land	*2 142,361	*2 142,361
Other	167,958	240,953
Accumulated depreciation	(143,517)	(144,711)
Other, net	24,441	96,242
Total property, plant and equipment	277,732	556,627
Intangible assets		
Goodwill	-	35,338
Software	21,403	18,563
Other	6,818	7,189
Total intangible assets	28,222	61,091
Investments and other assets		
Investment securities	206,986	233,938
Long-term loans receivable	2,694	2,694
Deferred tax assets	247,156	245,413
Guarantee deposits	248,365	329,950
Prepaid pension cost	124,973	115,869
Other	*1, *2 219,857	*1, *2 433,876
Allowance for doubtful accounts	(50,861)	(60,549)
Total investments and other assets	999,173	1,301,192
Total noncurrent assets	1,305,128	1,918,912
Total assets	7,363,216	8,050,153

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	623,203	901,615
Short-term loans payable	15,378	17,309
Current portion of long-term loans payable	-	2,400
Income taxes payable	178,162	154,452
Provision for bonuses	393,384	383,366
Provision for directors’ bonuses	19,176	24,829
Asset retirement obligations	31,449	-
Other	474,217	710,917
Total current liabilities	1,734,971	2,194,889
Noncurrent liabilities		
Long-term loans payable	-	4,200
Provision for retirement benefits	848,983	888,617
Provision for directors’ retirement benefits	371,941	397,697
Other	21,162	75,209
Total noncurrent liabilities	1,242,087	1,365,724
Total liabilities	2,977,058	3,560,614
Net assets		
Shareholders’ equity		
Capital stock	919,665	924,223
Capital surplus	881,304	885,862
Retained earnings	2,815,796	2,865,993
Treasury stock	(266,494)	(266,494)
Total shareholders’ equity	4,350,271	4,409,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,051	34,414
Foreign currency translation adjustment	(11,471)	(14,720)
Total accumulated other comprehensive income	7,579	19,694
Subscription rights to shares	1,001	984
Minority interests	27,305	59,275
Total net assets	4,386,158	4,489,539
Total liabilities and net assets	7,363,216	8,050,153

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net sales	9,027,811	10,139,381
Cost of sales	7,008,588	8,094,068
Gross profit	2,019,222	2,045,313
Selling, general and administrative expenses	*1, *2 1,735,026	*1, *2 1,731,089
Operating income	284,196	314,223
Non-operating income		
Interest income	9,128	9,338
Dividends income	2,588	3,768
Rent income	14,726	14,876
Commission fee	2,067	1,974
Subsidy income	16,382	4,096
Insurance premiums refunded cancellation	12,048	-
Other	8,887	21,451
Total non-operating income	65,828	55,506
Non-operating expenses		
Interest expenses	3,324	2,036
Rent expenses	8,290	9,483
Loss on retirement of noncurrent assets	3,589	123
Issuance costs of subscription rights to shares	5,200	-
Other	2,156	2,142
Total non-operating expenses	22,561	13,786
Ordinary income	327,463	355,943
Extraordinary loss		
Loss on valuation of investment securities	2,225	-
Total extraordinary losses	2,225	-
Income before income taxes and minority interests	325,238	355,943
Income taxes-current	178,778	165,471
Income taxes-deferred	12,614	15,217
Total income taxes	191,393	180,688
Income before minority interests	133,844	175,255
Minority interests in income (loss)	(1,994)	6,368
Net income	135,839	168,886

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Income before minority interests	133,844	175,255
Other comprehensive income		
Valuation difference on available-for-sale securities	7,429	15,363
Foreign currency translation adjustment	(4,419)	3,093
Total other comprehensive income	*1 3,009	*1 18,457
Comprehensive income	136,854	193,712
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	141,853	181,001
Comprehensive income attributable to minority interests	(4,998)	12,711

(3) Consolidated Statements of Changes in Net Assets

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	917,687	919,665
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	1,978	4,558
Total changes of items during the period	1,978	4,558
Balance at the end of current period	919,665	924,223
Capital surplus		
Balance at the beginning of current period	879,325	881,304
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	1,978	4,558
Total changes of items during the period	1,978	4,558
Balance at the end of current period	881,304	885,862
Retained earnings		
Balance at the beginning of current period	2,798,435	2,815,796
Changes of items during the period		
Dividends from surplus	(118,478)	(118,689)
Net income	135,839	168,886
Total changes of items during the period	17,360	50,197
Balance at the end of current period	2,815,796	2,865,993
Treasury stock		
Balance at the beginning of current period	(266,460)	(266,494)
Changes of items during the period		
Purchase of treasury stock	(33)	-
Total changes of items during the period	(33)	-
Balance at the end of current period	(266,494)	(266,494)
Total shareholders' equity		
Balance at the beginning of current period	4,328,988	4,350,271
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	3,956	9,116
Dividends from surplus	(118,478)	(118,689)
Net income	135,839	168,886
Purchase of treasury stock	(33)	-
Total changes of items during the period	21,283	59,313
Balance at the end of current period	4,350,271	4,409,584

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	11,621	19,051
Changes of items during the period		
Net changes of items other than shareholders' equity	7,429	15,363
Total changes of items during the period	7,429	15,363
Balance at the end of current period	19,051	34,414
Foreign currency translation adjustment		
Balance at the beginning of current period	(10,055)	(11,471)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,415)	(3,248)
Total changes of items during the period	(1,415)	(3,248)
Balance at the end of current period	(11,471)	(14,720)
Total accumulated other comprehensive income		
Balance at the beginning of current period	1,566	7,579
Changes of items during the period		
Net changes of items other than shareholders' equity	6,013	12,114
Total changes of items during the period	6,013	12,114
Balance at the end of current period	7,579	19,694
Subscription rights to shares		
Balance at the beginning of current period	-	1,001
Changes of items during the period		
Net changes of items other than shareholders' equity	1,001	(16)
Total changes of items during the period	1,001	(16)
Balance at the end of current period	1,001	984
Minority interests		
Balance at the beginning of current period	32,303	27,305
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,998)	31,970
Total changes of items during the period	(4,998)	31,970
Balance at the end of current period	27,305	59,275
Total net assets		
Balance at the beginning of current period	4,362,858	4,386,158
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	3,956	9,116
Dividends from surplus	(118,478)	(118,689)
Net income	135,839	168,886
Purchase of treasury stock	(33)	-
Net changes of items other than shareholders' equity	2,016	44,068
Total changes of items during the period	23,299	103,381
Balance at the end of current period	4,386,158	4,489,539

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	325,238	355,943
Depreciation and amortization	34,759	66,468
Depreciation of software	9,444	8,819
Amortization of goodwill	32,866	6,236
Increase (decrease) in provision for bonuses	(10,092)	(16,167)
Increase (decrease) in provision for retirement benefits	33,212	38,725
Decrease (increase) in prepaid pension costs	18,209	9,104
Interest and dividends income	(11,717)	(13,106)
Issuance costs of subscription rights to shares	5,200	-
Interest expenses	3,324	2,036
Decrease (increase) in notes and accounts receivable-trade	326,793	(504,480)
Decrease (increase) in inventories	(150,355)	17,135
Increase (decrease) in notes and accounts payable-trade	43,079	239,856
Other, net	112,512	153,052
Subtotal	772,477	363,624
Interest and dividends income received	9,884	13,383
Interest expenses paid	(3,297)	(2,036)
Income taxes paid	(189,560)	(193,446)
Net cash provided by (used in) operating activities	589,503	181,525
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(195,995)	(338)
Purchase of property, plant and equipment	(16,864)	(208,669)
Proceeds from cancellation of insurance funds	29,536	-
Purchase of software	(2,280)	(5,742)
Payments for guarantee deposits	(17,934)	(197,157)
Payments for asset retirement obligations	(2,989)	(33,739)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(18,788)
Other, net	3,561	14,958
Net cash provided by (used in) investing activities	(202,966)	(449,477)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(582,227)	(867)
Proceeds from long-term loans payable	-	7,800
Repayment of long-term loans payable	(90,000)	(42,287)
Payment for issuance costs of subscription rights to shares	(4,190)	-
Proceeds from issuance of common stock	3,947	9,099
Purchase of treasury stock	(33)	-
Cash dividends paid	(118,478)	(118,689)
Cash dividends paid to minority shareholders	-	(478)
Other, net	-	(270)
Net cash provided by (used in) financing activities	(790,982)	(145,693)
Effect of exchange rate change on cash and cash equivalents	(157)	7,903
Net increase (decrease) in cash and cash equivalents	(404,602)	(405,741)
Cash and cash equivalents at beginning of period	2,420,306	2,015,704
Cash and cash equivalents at end of period	*1 2,015,704	*1 1,609,962

(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.

NewNeeds Co., Ltd. and SafeNeeds Co., Ltd. are included in consolidation in the current fiscal year through the acquisition of stock. Since the executives of SafeNeeds own all shares of GuiLin Anxin Software Co., Ltd., and a majority of the number of the Board of Representatives, GuiLin Anxin Software effectively came under the control of the Company and included in consolidation in the current fiscal year.

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 ends on December 31, 2012. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of December 31, 2012. Necessary adjustments have been made for the consolidation concerning material transactions arising between January 1, 2013 and March 31, 2013.

The fiscal year of the three domestic consolidated subsidiaries 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 sheets is written down to reflect the effect of lower profit margins.)

b. Finished goods

Valued at cost being determined by the periodic average method. (The carrying value on the balance sheets 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 sheets 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 lease 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 lease 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) Lease assets

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

For finance lease transaction where there is no transfer of ownership that started on or before March 31, 2008, the Company uses an accounting method that is based on the method used for ordinary rental transactions.

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 booked 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 consolidated subsidiaries in Japan provide an allowance at the amount based on the estimated bonus obligations.

3) Provision for retirement benefits

To provide for accrued retirement benefits for employees, the Company and certain consolidated subsidiaries provide an allowance based on projected benefit obligations and pension 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 the certain years (10 years) within the average length of remaining service period of employees.

4) Provision for directors' retirement benefits

To provide for directors' retirement benefits, the Company and 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.

5) Provision for directors' bonuses

To provide for directors' bonuses, the Company and certain consolidated subsidiaries in Japan provide an allowance booked in the amount based on the estimated bonus obligations.

(4) Recognition of significant revenues and expenses

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

1) Contract development works deemed to have been completed by the end of the current fiscal year

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.

(5) Method and period of goodwill amortization

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

(6) Scope of cash and cash equivalents on consolidated statements 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.

(7) 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.

Changes in Accounting Policies

Change in depreciation method

Following tax law revisions, from the current fiscal year, the Company and its consolidated subsidiaries in Japan have changed the method of depreciation of property, plant and equipment acquired on or after April 1, 2012 in line with methods prescribed in the revised Corporation Law.

The effect of this change on profit or loss is insignificant.

Accounting Standards, others that have not yet been applied

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

1. Summary

(1) Treatment in the consolidated balance sheets

Unrecognized actuarial gains and losses and unrecognized past service costs would be recognized in the net asset section (accumulated other comprehensive income) after adjusting for tax effects, and the funded-status amount would be recognized as a liability (or an asset).

(2) Treatment in the consolidated statements of income and the consolidated statement of comprehensive income

Actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss would be included in other comprehensive income, and unrecognized actuarial gains and losses and unrecognized past service costs that were presented in accumulated other comprehensive income in prior periods and then recognized in profit or loss in the current period would be subject to the adjustment of other comprehensive income (reclassification adjustments).

2. Effective date

The above accounting standards, others will be effective at the end of annual periods beginning on or after April 1, 2013.

3. Effects of the application of the above accounting pronouncements

The effects of the application of above accounting pronouncements on the Group's financial statements are under evaluation at the time of preparing the current consolidated financial statements.

Reclassifications

(Consolidated statements of cash flows)

"Payments for guarantee deposits," included in "Other, net" under net cash provided by (used in) investing activities in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year since it has 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 net cash provided by (used in) investing activities (-14,372 thousand yen) shown in the FY3/12 consolidated statements of cash flows is reclassified and divided into "Payments for guarantee deposits" (-17,934 thousand yen) and "Other, net" (3,561 thousand yen.)

Changes in Accounting-based Estimates

Not applicable.

Additional Information

Not applicable.

Notes to Consolidated Balance Sheets

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

(Thousands of yen)

FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
181,880	185,744

*2. Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Buildings and structures, net	66,387	61,903
Land	142,361	142,361
Investments and other assets (other)	137,036	133,172
Total	345,785	337,437

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)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Commitment line	500,000	500,000
Credit used	-	-
Credit available	500,000	500,000

Notes to Consolidated Statements of Income

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

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Directors' compensations	140,833	166,408
Wages, salaries and other allowances	685,651	673,424
Provision for bonuses	87,397	62,431
Provision for directors' bonuses	19,176	24,091
Provision for directors' retirement benefits	23,876	25,756
Retirement benefit expenses	41,376	33,222
Research and development expenses	246,501	176,509

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

(Thousands of yen)

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
246,501	176,509

Notes to Consolidated Statements of Comprehensive Income

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

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	12,243	23,842
Re-classification adjustments	(2,225)	-
Before tax effect adjustments	10,017	23,842
Tax effect	(2,588)	(8,479)
Valuation difference on available-for-sale securities	7,429	15,363
Foreign currency translation adjustment:		
Amount incurred during the year	(4,419)	3,093
Total other comprehensive income	3,009	18,457

Notes to Consolidated Statements of Changes in Net Assets

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)

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

	Number of shares as of Apr. 1, 2011	Increase	Decrease	Number of shares as of Mar. 31, 2012
Outstanding shares				
Common stock (Note 1)	5,103,230	8,500	-	5,111,730
Total	5,103,230	8,500	-	5,111,730
Treasury stock shares				
Common stock (Note 2)	364,077	63	-	364,140
Total	364,077	63	-	364,140

Notes: 1. Number of outstanding shares of common stock increased 8,500 shares due to exercise of subscription rights to shares.
2. Number of treasury shares of common stock increased 63 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, 2012 (Thousands of yen)
			As of Apr. 1, 2011	Increase	Decrease	As of Mar. 31, 2012	
Reporting company	Subscription rights to shares (2011)	Common stock	-	1,000,000	8,500	991,500	1,001
Total		-	-	1,000,000	8,500	991,500	1,001

Notes: 1. Number of shares under subscription rights to shares is the number of shares assuming that all subscription rights have been exercised.
2. Increase in subscription rights to shares (2011) due to the issuance of subscription rights to shares.
3. Decrease in subscription rights to shares (2011) 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 11, 2011	Common stock	118,478	25	March 31, 2011	June 1, 2011

(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 9, 2012	Common stock	118,689	Retained earnings	25	March 31, 2012	June 6, 2012

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

1. Type of share and number of outstanding shares and treasury stock (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 stock shares				
Common stock (Note)	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. Decrease in subscription rights to shares (2011) 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

Notes to Consolidated Statements of Cash Flows

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

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Cash and deposits	3,537,485	2,938,177
Time deposit with maturities over 3 months	(1,521,781)	(1,328,215)
Cash and cash equivalents	2,015,704	1,609,962

Lease Transactions

Finance lease transaction

Finance lease transaction where there is no transfer of ownership

1. Breakdown of lease assets

Property, plant and equipment: Office equipment

2. The depreciation method of lease assets

As described in the section "4. Accounting standards, (2) Depreciation and amortization of significant depreciable assets."

For finance lease transaction where there is no transfer of ownership that started on or before March 31, 2008, the Company uses an accounting method that is based on the method used for ordinary rental transactions.

(1) Acquisition costs, accumulated depreciation, and the balance at the end of the fiscal year

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)		
	Acquisition costs	Accumulated depreciation	Year-end balance
Property, plant and equipment, others (Tools, furniture and fixtures)	5,952	5,952	-
Total	5,952	5,952	-

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)		
	Acquisition costs	Accumulated depreciation	Year-end balance
Property, plant and equipment, others (Tools, furniture and fixtures)	-	-	-
Total	-	-	-

Note: Acquisition costs equivalents are calculated by including interest, considering the relatively low rate of future lease payment equivalents in property, plant and equipment equivalents at end of the fiscal year.

(2) Future lease payments, etc. as of the end of the fiscal year

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Future lease payment equivalents as of the end of the fiscal year		
Due within one year	-	-
Due after one year	-	-
Total	-	-

Note: Future lease payment equivalents as of the end of the fiscal year are calculated by including interest, considering the relatively low rate of future lease payment equivalents in property, plant and equipment equivalents at end of the fiscal year.

(3) Lease payments and depreciation equivalents

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Lease payments	1,587	-
Depreciation equivalents	1,587	-

(4) Method of calculating depreciation equivalents

Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value.

Marketable Securities

1. Available-for-sale securities

FY3/12 (As of Mar. 31, 2012)

(Thousands of yen)

	Type	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities with carrying value exceeds acquisition costs	Shares	107,239	87,922	19,316
	Bonds	92,350	81,327	11,023
	Subtotal	199,589	169,249	30,339
Securities with carrying value not exceeding acquisition costs	Shares	7,397	8,154	(757)
	Others	-	-	-
	Subtotal	7,397	8,154	(757)
Total		206,986	177,403	29,582

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

(Thousands of yen)

	Type	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities with carrying value exceeds 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)
	Others	698	980	(281)
	Subtotal	9,809	11,225	(1,416)
Total		233,938	180,512	53,425

2. Sales of other securities

Not applicable in FY3/12 and FY3/13.

3. Other securities written down due to impairment

Other securities were written down by 2,225 thousand yen in FY3/12.

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 Benefit

1. Retirement benefit plans

The Company has adopted defined benefit plans; a lump-sum retirement benefit payment plan in line with the Company's regulation, a defined benefit pension plan and 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 exceptional treatment as stipulated by No. 33 of the Practical Guidance for Accounting for Retirement Benefits. The amount to be contributed to pension assets accounted for as retirement benefit expenses was 25,065 thousand yen in the financial statements for FY3/12, and 28,924 thousand yen in the 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 pension assets accounted for as retirement benefit expenses was 1,163 thousand yen in the financial statements for FY3/12, and 1,192 thousand yen in the 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 pension assets accounted for as retirement benefit expenses was 1,581 thousand yen in the financial statements for FY3/13.

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

2. Retirement benefit obligations

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
(1) Retirement benefit obligation	(1,512,953)	(1,592,443)
(2) Plan assets at fair value	763,239	896,224
(3) Unfunded projected benefit obligation ((1) + (2))	(749,714)	(696,218)
(4) Unrecognized actuarial gain or loss	28,689	(74,159)
(5) Unrecognized prior service cost (decrease in obligation)	(2,984)	(2,370)
(6) Retirement befit obligation stated on consolidated balance sheets ((3) + (4) + (5))	(724,009)	(772,748)
(7) Prepaid pension cost	124,973	115,869
(8) Provision for retirement benefits ((6) – (7))	(848,983)	(888,617)

Note: 1. Retirement benefit obligation of the certain consolidated subsidiaries in Japan using the simple method.

3. Retirement benefit expenses

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Retirement benefit expenses	212,448	210,718
(1) Service cost	138,856	137,030
(2) Interest cost	23,092	23,879
(3) Expected return on plan assets (for subtraction)	(18,619)	(19,080)
(4) Amortization of actuarial differences	8,119	5,910
(5) Amortization of prior service cost	(774)	(614)
(6) Other	61,773	63,593

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

4. Assumptions used in accounting for the above plans

(1) Distribution of estimated retirement benefit obligations

Straight-line.

(2) Discount rate

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
1.6%	1.6%

(3) Expected return on assets

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
2.5%	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.

Stock Options

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Deferred tax assets (current)		
Provision for bonuses	149,753	146,459
Accrued expenses	21,294	21,506
Accrued business office taxes	13,687	13,067
Other	23,940	13,035
Total	208,676	194,068
Deferred tax assets (noncurrent)		
Provision for directors' retirement benefits	133,814	142,204
Provision for retirement benefits	259,980	275,095
Allowance for doubtful accounts	25,108	35,979
Real estate for rent (land)	20,181	20,181
Asset retirement obligations	6,250	24,945
Other	20,242	27,317
Subtotal deferred tax assets	465,578	525,724
Valuation allowance	(200,287)	(239,958)
Total	265,290	285,766
Deferred tax liabilities (noncurrent)		
Valuation difference on available-for-sale securities	10,531	19,119
Other	7,602	21,233
Total	18,134	40,352
Net deferred tax assets	247,156	245,413

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

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Statutory tax rate	40.6%	38.0%
Adjustments		
Permanent difference of entertainment expenses and other items	3.0%	3.3%
Residential tax for the period	2.2%	1.6%
Increase in valuation allowance	1.2%	12.1%
Amortization of goodwill	4.1%	0.7%
Tax credit	(6.1)%	(4.4)%
Reductions of deferred tax assets at year end for adjustment due to tax rate change	14.2%	-
Others	(0.4)%	(0.5)%
Effective tax rate	58.8%	50.8%

Business Combinations

Business combination through acquisition

The Company purchased the stock of NewNeeds Co., Ltd. and SafeNeeds Co., Ltd. Since the executives of SafeNeeds own all shares of GuiLin Anxin Software Co., Ltd., and a majority of the number of the Board of Representatives, GuiLin Anxin Software effectively came under the control of the Company and included in consolidation in the current fiscal year.

1. Summary of business combinations

(1) Name of company acquired and its business activity

Name of company	NewNeeds Co., Ltd.	SafeNeeds Co., Ltd.	GuiLin Anxin Software Co., Ltd.
Business activity	Contracted development of systems	Contracted development of systems	Contracted development of systems

(2) Reasons for business combinations

The Company acquired NewNeeds Co., Ltd. and SafeNeeds Co., Ltd. to expand software business earnings, secure Web engineers which are in shortage in the Company, and attain a quality foothold for the China business (entry into educational business, recruitment of skilled engineers, acquisition of local connections, and acquisition of offshore know-how)

(3) Date of business combination

July 2, 2012 (assumed acquisition date was July 1, 2012)

(4) Method of business combination

Acquisition of stock

(5) Names of the enterprises after combination

No change in company names after combination.

(6) Ratio of ownership

Name of company	NewNeeds Co., Ltd.	SafeNeeds Co., Ltd.	GuiLin Anxin Software Co., Ltd.
Ratio of ownership	100%	93.9%	- % (Note)

Note: SafeNeeds plans to acquire 80% of the equity of GuiLin Anxin Software. Preparations are now under way to submit an application in China for permission to make this investment.

(7) Main reason for choosing to acquire company

Acquisition of stock with cash.

2. Period of business results of the acquired company included in the consolidated financial statements

From July 1, 2012 to March 31, 2013

GuiLin Anxin Software closed its books on December 31, 2012.

3. Acquisition cost and other particulars

Name of company	NewNeeds Co., Ltd.	SafeNeeds Co., Ltd.
Cost of acquisition	65,000 thousand yen	77,000 thousand yen

Acquisition paid for in cash.

4. Summary of goodwill

(1) Goodwill resulting from the acquisition

Name of company	NewNeeds Co., Ltd.	SafeNeeds Co., Ltd.
Goodwill resulting from the acquisition	3,790 thousand yen	37,783 thousand yen

(2) Source of goodwill

Since the market value of net assets was less than the acquisition cost when NewNeeds and SafeNeeds were combined, the difference was recognized as goodwill.

(3) Amortization method and amortization period

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

Asset Retirement Obligations

Asset retirement obligations included in the consolidated balance sheets.

(1) Summary of balance sheet asset retirement obligations

Obligations for returning leased space to its original condition in association for real estate leasing contracts for Company business sites.

(2) Method for calculation balance sheet asset retirement obligations

Asset retirement obligations are calculated by using a period of 15 years starting from the acquisition date as the estimated expected period of use and a discount rate of 1.273%.

(3) Change in balance sheet asset retirement obligations

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Beginning balance	48,054	48,704
Purchase of property, plant and equipment	2,791	54,047
Accretion	847	936
Payments for asset retirement obligations	(2,989)	(33,739)
Ending balance	48,704	69,949

Segment and Other Information

a. 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 three reportable business segments: software business, package business, and system sales 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 and IT/telecom infrastructure construction.

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.

Change in depreciation method

Following tax law revisions, from the current fiscal year, the Company and its consolidated subsidiaries in Japan have changed the method of depreciation of property, plant and equipment acquired on or after April 1, 2012 in line with methods prescribed in the revised Corporation Law.

The effect of this change on profit or loss is insignificant.

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

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)

(Thousands of yen)

	Software business	Package business	System sales business	Total	Adjustment (Note 1) (Note 2)	Amounts shown on consolidated financial statements
Net sales						
1. External sales	5,786,190	1,917,628	1,318,359	9,022,178	5,632	9,027,811
2. Inter-segment sales and transfers	200	-	102,821	103,021	(103,021)	-
Total	5,786,390	1,917,628	1,421,181	9,125,200	(97,389)	9,027,811
Segment profit (loss)	110,956	422,494	(13,316)	520,134	(235,938)	284,196
Segment assets	4,147,281	1,077,801	823,504	6,048,587	1,314,629	7,363,216
Other items						
Depreciation	25,597	11,747	1,474	38,819	5,384	44,204
Increase in property, plant and equipment and intangible assets	2,299	4,724	6,403	13,427	5,716	19,144

Notes:
1. Segment profit (loss) in the above adjustment consists mainly of research and development 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 to be consistent with operating income shown on the consolidated statements of income.

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Thousands of yen)

	Software business	Package business	System sales 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	10,046,620	92,761	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	10,101,717	37,664	10,139,381
Segment profit (loss)	118,959	299,255	71,372	489,587	(175,363)	314,223
Segment assets	4,155,642	1,160,087	1,161,305	6,477,035	1,573,118	8,050,153
Other items						
Depreciation	46,818	19,537	2,133	68,489	6,799	75,288
Increase in property, plant and equipment and intangible assets	5,793	7,040	2,651	15,485	198,926	214,412

Notes:
1. Segment profit (loss) in the above adjustment consists mainly of research and development 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 to be consistent with operating income shown on the consolidated statements of income.

b. 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 statements 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 sheets.

3. Information by major client

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)

Company name	Net sales	Business segment
NTT COMWARE WEST CORPORATION	1,076,873 thousand yen	Software business

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

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

c. Information related to impairment of noncurrent assets for each reportable segment

Not applicable.

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

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012) (Thousands of yen)

	Software business	Package business	System sales business	Elimination or corporate	Total
Amortization for the period	-	9,897	22,968	-	32,866
Balance at the end of period	-	-	-	-	-

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

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

e. Information related to negative goodwill profits for each reportable segment

Not applicable.

Related Party Information

Not applicable.

Per-share Information

(Yen)

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)		FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	
Net assets per share	917.91	Net assets per share	929.70
Net income per share	28.64	Net income per share	35.52
Diluted net income per share	28.49	Diluted net income per share	35.39

Note: The basis of calculation is as follows.

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net assets per share		
Total net assets on balance sheets	4,386,158	4,489,539
Deduction on total net assets	28,306	60,260
[Subscription rights to shares]	[1,001]	[984]
[Minority interests]	[27,305]	[59,275]
Net assets applicable to common stock	4,357,851	4,429,279
Number of common stock used in calculation of net assets per share	4,747,590 shares	4,764,190 shares

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net income per share		
Net income	135,839	168,886
Amount not available to common shareholders	-	-
Net income applicable to common stock	135,839	168,886
Average number of shares outstanding during period	4,742,363 shares	4,755,128 shares
Diluted net income per share		
Adjusted to net income	-	-
Increase in common stock	25,730 shares	17,363 shares
[Subscription rights to shares]	[25,730 shares]	[17,363 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 and rental and other properties was omitted due to the minor necessity of disclosure.

5. Non-consolidated Financial Statements

(1) Balance Sheets

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Assets		
Current assets		
Cash and deposits	3,004,294	2,433,600
Notes receivable-trade	454	2,874
Accounts receivable-trade	*2 1,563,328	*2 1,675,180
Merchandise and finished goods	19,689	7,867
Work in process	181,750	100,952
Raw materials and supplies	1,788	3,053
Prepaid expenses	77,900	91,179
Deferred tax assets	195,568	178,488
Accounts receivable-other	7,411	122,411
Other	12,789	5,240
Allowance for doubtful accounts	(4,158)	(1,554)
Total current assets	5,060,816	4,619,294
Noncurrent assets		
Property, plant and equipment		
Buildings	369,967	540,083
Accumulated depreciation	(267,165)	(229,042)
Buildings, net	*1 102,802	*1 311,041
Structures	1,485	1,485
Accumulated depreciation	(1,319)	(1,361)
Structures, net	*1 165	*1 124
Tools, furniture and fixtures	155,554	207,476
Accumulated depreciation	(133,617)	(123,414)
Tools, furniture and fixtures, net	21,937	84,061
Land	*1 142,361	*1 142,361
Total property, plant and equipment	267,266	537,588
Intangible assets		
Software	21,364	18,311
Telephone subscription right	6,180	6,180
Total intangible assets	27,544	24,491
Investments and other assets		
Investment securities	206,986	233,239
Stocks of subsidiaries and affiliates	887,367	1,029,367
Long-term loans receivable	2,694	2,694
Long-term loans receivable from subsidiaries and affiliates	13,460	33,415
Prepaid pension cost	124,973	115,869
Long-term time deposits	-	200,000
Deferred tax assets	240,262	239,568
Guarantee deposits	196,250	274,871
Real estate for rent	318,916	318,916
Accumulated depreciation	(181,880)	(185,744)
Real estate for rent, net	*1 137,036	*1 133,172
Membership	45,804	45,324
Insurance funds	28,743	31,024
Other	7,277	17,267

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Allowance for doubtful accounts	(67,982)	(97,626)
Total investments and other assets	1,822,875	2,258,190
Total noncurrent assets	2,117,687	2,820,270
Total assets	7,178,504	7,439,565
Liabilities		
Current liabilities		
Accounts payable-trade	299,821	322,824
Accounts payable-other	28,719	202,539
Accrued expenses	219,623	228,316
Income taxes payable	143,830	126,332
Accrued consumption taxes	71,826	65,961
Advances received	66,632	64,170
Provision for bonuses	374,641	351,902
Provision for directors’ bonuses	17,126	19,709
Asset retirement obligations	31,449	-
Other	24,090	21,109
Total current liabilities	1,277,760	1,402,867
Noncurrent liabilities		
Provision for retirement benefits	828,495	865,662
Provision for directors’ retirement benefits	335,281	356,405
Provision for loss on guarantees	12,002	16,220
Other	16,087	68,199
Total noncurrent liabilities	1,191,866	1,306,486
Total liabilities	2,469,626	2,709,354
Net assets		
Shareholders’ equity		
Capital stock	919,665	924,223
Capital surplus		
Legal capital surplus	881,304	885,862
Total capital surpluses	881,304	885,862
Retained earnings		
Legal retained earnings	32,665	32,665
Other retained earnings		
General reserve	2,970,000	3,000,000
Retained earnings brought forward	151,684	118,382
Total retained earnings	3,154,349	3,151,047
Treasury stock	(266,494)	(266,494)
Total shareholders’ equity	4,688,824	4,694,639
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	19,051	34,587
Total valuation and translation adjustments	19,051	34,587
Subscription rights to shares	1,001	984
Total net assets	4,708,877	4,730,211
Total liabilities and net assets	7,178,504	7,439,565

(2) Statements of Income

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net sales	7,475,982	7,956,269
Cost of sales		
Beginning finished goods	397	-
Beginning goods	15,291	19,689
Cost of products manufactured	5,673,243	6,072,348
Cost of purchased goods	253,775	273,776
Total	5,942,707	6,365,814
Ending finished goods	-	-
Ending goods	19,689	7,867
Total cost of sales	5,923,018	6,357,946
Gross profit	1,552,964	1,598,322
Selling, general and administrative expenses	*1, *2 1,280,141	*1, *2 1,376,193
Operating income	272,823	222,129
Non-operating income		
Interest income	5,694	5,160
Dividends income	9,788	27,023
Rent income	14,636	14,740
Commission fee	2,067	1,974
Interest on securities	2,400	2,400
Subsidy income	14,282	1,320
Other	4,227	10,838
Total non-operating income	53,096	63,457
Non-operating expenses		
Interest expenses	2,145	517
Rent expenses	8,290	9,483
Loss on retirement of noncurrent assets	3,589	123
Issuance costs of subscription rights to share	5,200	-
Provision for loss on guarantees	2,323	4,218
Provision of allowance for doubtful accounts	-	19,905
Other	923	1,815
Total non-operating expenses	22,472	36,063
Ordinary income	303,446	249,523
Extraordinary loss		
Loss on valuation of investment securities	2,225	-
Total extraordinary losses	2,225	-
Income before income taxes	301,221	249,523
Income taxes-current	139,742	124,950
Income taxes-deferred	18,079	9,185
Total income taxes	157,821	134,135
Net income	143,399	115,387

(3) Statements of Changes in Net Assets

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	917,687	919,665
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	1,978	4,558
Total changes of items during the period	1,978	4,558
Balance at the end of current period	919,665	924,223
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	879,325	881,304
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	1,978	4,558
Total changes of items during the period	1,978	4,558
Balance at the end of current period	881,304	885,862
Total capital surplus		
Balance at the beginning of current period	879,325	881,304
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	1,978	4,558
Total changes of items during the period	1,978	4,558
Balance at the end of current period	881,304	885,862
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	32,665	32,665
Balance at the end of current period	32,665	32,665
Other retained earnings		
General reserve		
Balance at the beginning of current period	2,780,000	2,970,000
Changes of items during the period		
Provision of general reserve	190,000	30,000
Total changes of items during the period	190,000	30,000
Balance at the end of current period	2,970,000	3,000,000
Retained earnings brought forward		
Balance at the beginning of current period	316,764	151,684
Changes of items during the period		
Provision of general reserve	(190,000)	(30,000)
Dividends from surplus	(118,478)	(118,689)
Net income	143,399	115,387
Total changes of items during the period	(165,079)	(33,301)
Balance at the end of current period	151,684	118,382
Total retained earnings		
Balance at the beginning of current period	3,129,429	3,154,349
Changes of items during the period		
Provision of general reserve	-	-
Dividends from surplus	(118,478)	(118,689)
Net income	143,399	115,387
Total changes of items during the period	24,920	(3,301)
Balance at the end of current period	3,154,349	3,151,047

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Treasury stock		
Balance at the beginning of current period	(266,460)	(266,494)
Changes of items during the period		
Purchase of treasury stock	(33)	-
Total changes of items during the period	(33)	-
Balance at the end of current period	(266,494)	(266,494)
Total shareholders' equity		
Balance at the beginning of current period	4,659,981	4,688,824
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	3,956	9,116
Dividends from surplus	(118,478)	(118,689)
Net income	143,399	115,387
Purchase of treasury stock	(33)	-
Total changes of items during the period	28,843	5,814
Balance at the end of current period	4,688,824	4,694,639
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	11,621	19,051
Changes of items during the period		
Net changes of items other than shareholders' equity	7,429	15,535
Total changes of items during the period	7,429	15,535
Balance at the end of current period	19,051	34,587
Total valuation and translation adjustments		
Balance at the beginning of current period	11,621	19,051
Changes of items during the period		
Net changes of items other than shareholders' equity	7,429	15,535
Total changes of items during the period	7,429	15,535
Balance at the end of current period	19,051	34,587
Subscription rights to shares		
Balance at the beginning of current period	-	1,001
Changes of items during the period		
Net changes of items other than shareholders' equity	1,001	(16)
Total changes of items during the period	1,001	(16)
Balance at the end of current period	1,001	984
Total net assets		
Balance at the beginning of current period	4,671,603	4,708,877
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	3,956	9,116
Dividends from surplus	(118,478)	(118,689)
Net income	143,399	115,387
Purchase of treasury stock	(33)	-
Net changes of items other than shareholders' equity	8,431	15,519
Total changes of items during the period	37,274	21,333
Balance at the end of current period	4,708,877	4,730,211

(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 sheets is written down to reflect the effect of lower profit margins.)

(2) Finished goods

Valued at cost being determined by the periodic average method. (The carrying value on the balance sheets 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 sheets 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 lease 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 lease assets)

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

(3) Lease assets

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

For finance lease transaction where there is no transfer of ownership that started on or before March 31, 2008, the Company uses an accounting method that is based on the method used for ordinary rental transactions.

(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 booked 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 based on the estimated bonus obligations in the current fiscal year.

(3) Provision for retirement benefits
To provide for accrued retirement benefits for employees, an allowance is provided based on projected benefit obligations and pension assets at the end of the current fiscal year.
The actuarial difference is expensed in the following fiscal years using the straight-line 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 the certain years (10 years) within the average length of remaining service period of employees.

(4) Provision for directors' retirement benefits
To provide for directors' retirement benefits, an allowance is provided for the aggregate amount payable are booked 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 based on the estimated bonus obligations.

5. Recognition of revenues and expenses
Recognition criteria for revenues and cost of sales for contracted software production
1) Contract development works deemed to have been completed by the end of the current fiscal year
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
Accounting for consumption taxes
National and local consumption taxes are accounted by the tax-exclusion method.

Changes in Accounting Policies

Change in depreciation method
Following tax law revisions, from the current fiscal year, the Company has changed the method of depreciation of property, plant

and equipment acquired on or after April 1, 2012 in line with methods prescribed in the revised Corporation Law.

The effect of this change on profit or loss is insignificant.

Reclassifications

Not applicable.

Changes in Accounting-based Estimates

Not applicable.

Additional Information

Not applicable.

Notes to Balance Sheets

*1. Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Buildings, net	66,222	61,779
Structures, net	165	124
Land	142,361	142,361
Real estate for rent, net	137,036	133,172
Total	345,785	337,437

*2. Items related to affiliates

Assets applicable to affiliates

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Current assets		
Accounts receivable-trade	104,599	75,301

3. Contingent liabilities

Guarantees for affiliate’s bank loans

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
JAST TECHNIQUES PTE. LTD.	17,001	19,700
SafeNeeds Co., Ltd.	-	26,600

Foreign currency-denominated guarantees are translated into yen at the spot 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)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Commitment line	500,000	500,000
Credit used	-	-
Credit available	500,000	500,000

Notes to Statements of Income

*1. Selling expenses represent approximately 21% of the total selling, general and administrative expenses, and general and administrative expenses approximately 79% in FY3/12, and selling expenses represent approximately 22% of the total selling, general and administrative expenses, and general and administrative expenses approximately 78% in FY3/13.

Major items of selling, general and administrative expenses

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Directors' compensations	114,833	127,346
Wages, sales and other allowances	448,466	503,983
Provision for bonuses	52,660	48,258
Provision for directors' bonuses	17,126	19,709
Retirement benefit expenses	27,740	29,050
Provision for directors' retirement benefits	18,716	21,124
Depreciation	20,675	43,691
Research and development expenses	246,501	176,509
Rent expenses	78,963	83,031

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

(Thousands of yen)

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
246,501	176,509

Notes to Statements of Changes in Net Assets

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)

Type of share and number of treasury stock (Shares)

	Number of shares as of Apr. 1, 2011	Increase	Decrease	Number of shares as of Mar. 31, 2012
Common stock	364,077	63	-	364,140
Total	364,077	63	-	364,140

Note: Number of treasury stock of common stock increased 63 shares due to acquisition of odd-lot shares.

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

Type of share and number of treasury stock (Shares)

	Number of shares as of Apr. 1, 2012	Increase	Decrease	Number of shares as of Mar. 31, 2013
Common stock	364,140	-	-	364,140
Total	364,140	-	-	364,140

Lease Transactions

Finance lease transaction

Finance lease transaction where there is no transfer of ownership

1. Breakdown of lease assets

Property, plant and equipment: Office equipment

2. The depreciation method of lease assets

As described in the section "Significant Accounting Policies, 3. Depreciation and amortization of noncurrent assets."

For finance lease transaction where there is no transfer of ownership that started on or before March 31, 2008, the Company uses an accounting method that is based on the method used for ordinary rental transactions.

(1) Acquisition costs, accumulated depreciation, and the balance at the end of the fiscal year

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)		
	Acquisition costs	Accumulated depreciation	Year-end balance
Tools, furniture and fixtures	5,952	5,952	-
Total	5,952	5,952	-

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)		
	Acquisition costs	Accumulated depreciation	Year-end balance
Tools, furniture and fixtures	-	-	-
Total	-	-	-

Note: Acquisition costs equivalents are calculated by including interest, considering the relatively low rate of future lease payment equivalents in property, plant and equipment equivalents at end of the fiscal year.

(2) Future lease payments, etc. as of the end of the fiscal year

(Thousands of yen)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Future lease payment equivalents as of the end of the fiscal year		
Due within one year	-	-
Due after one year	-	-
Total	-	-

Note: Future lease payment equivalents as of the end of the fiscal year are calculated by including interest, considering the relatively low rate of future lease payment equivalents in property, plant and equipment equivalents at end of the fiscal year.

(3) Lease payments and depreciation equivalents

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Lease payments	1,587	-
Depreciation equivalents	1,587	-

(4) Method of calculating depreciation equivalents

Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value.

Marketable Securities

The subsidiary stock (1,029,367 thousand yen and 887,367 thousand yen was booked for subsidiaries on the balance sheet in FY3/13 and FY3/12, 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)

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Deferred tax assets (current)		
Provision for bonuses	142,363	133,722
Accrued expenses	20,413	19,619
Accrued business office taxes	13,687	13,067
Asset retirement obligations	11,950	-
Other	7,152	12,079
Total	195,568	178,488
Deferred tax assets (noncurrent)		
Provision for directors’ retirement benefits	119,360	126,880
Provision for retirement benefits	254,275	269,256
Allowance for doubtful accounts	24,201	34,754
Real estate for rent (land)	20,181	20,181
Asset retirement obligations	5,136	23,880
Other	13,433	21,608
Subtotal deferred tax assets	436,588	496,561
Valuation allowance	(179,231)	(217,550)
Total	257,357	279,011
Deferred tax liabilities (noncurrent)		
Valuation difference on available-for-sale securities	10,531	19,119
Other	6,563	20,323
Total	17,094	39,443
Net deferred tax assets	240,262	239,568

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

	FY3/12 (As of Mar. 31, 2012)	FY3/13 (As of Mar. 31, 2013)
Statutory tax rate	40.6%	38.0%
Adjustments		
Permanent difference of entertainment expenses and other items	2.0%	0.9%
Residential tax for the period	2.3%	2.2%
Increase in valuation allowance	(1.5)%	16.4%
Tax credit	(6.1)%	(3.8)%
Reductions of deferred tax assets at year end for adjustment due to tax rate change	14.8%	-
Others	0.3%	0.1%
Effective tax rate	52.4%	53.8%

Asset Retirement Obligations

Asset retirement obligations included in the balance sheets.

(1) Summary of balance sheet asset retirement obligations

Obligations for returning leased space to its original condition in association for real estate leasing contracts for Company business sites.

(2) Method for calculation balance sheet asset retirement obligations

Asset retirement obligations are calculated by using a period of 15 years starting from the acquisition date as the estimated expected period of use and a discount rate of 1.273%.

(3) Change in balance sheet asset retirement obligations

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Beginning balance	48,054	45,877
Purchase of property, plant and equipment	-	54,047
Accretion	812	893
Payments for asset retirement obligations	(2,989)	(33,739)
Ending balance	45,877	67,079

Per share Information

(Yen)

FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)		FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	
Net assets per share	991.63	Net assets per share	992.66
Net income per share	30.24	Net income per share	24.27
Diluted net income per share	30.07	Diluted net income per share	24.18

Note: The basis of calculation is as follows.

(Thousands of yen)

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net assets per share		
Total net assets on balance sheets	4,708,877	4,730,211
Deduction on total net assets	1,001	984
[Subscription rights to shares]	[1,001]	[984]
Net assets applicable to common stock	4,707,876	4,729,226
Number of common stock used in calculation of net assets per share	4,747,590 shares	4,764,190 shares

	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)
Net income per share		
Net income	143,399	115,387
Amount not available to common shareholders	-	-
Net income applicable to common stock	143,399	115,387
Average number of shares outstanding during period	4,742,363 shares	4,755,128 shares
Diluted net income per share		
Adjusted to net income	-	-
Increase in common stock	25,730 shares	17,363 shares
[Subscription rights to shares]	[25,730 shares]	[17,363 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.

6. Others

(1) Changes in Directors

1) Changes in representative

Not applicable.

(2) Goods Manufactured, Orders Received and Sales

(1) Goods Manufactured

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

Operating segment	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	Year-on-year (%)
Software business	5,320,663	110.3
Package business	1,275,153	110.3
System sales business	1,361,061	140.7
Other	137,189	226.5
Total	8,094,068	115.5

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	6,711,564	127.5	1,342,200	120.4
Package business	1,832,420	106.4	412,604	83.7
System sales business	1,258,049	72.3	139,045	26.2
Other	353,398	1,804.4	274,660	1,958.5
Total	10,155,433	116.1	2,168,510	100.7

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	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	Year-on-year (%)
Software business	6,484,521	112.1
Package business	1,913,044	99.8
System sales business	1,649,054	125.1
Other	92,761	1,646.9
Total	10,139,381	112.3

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	FY3/12 (Apr. 1, 2011 – Mar. 31, 2012)		Customers	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	
	Amount	%		Amount	%
NTT COMWARE WEST CORPORATION	1,076,873	11.9	NTT COMWARE WEST CORPORATION	916,076	9.0
DUSKIN CO., LTD.	889,645	9.9	DUSKIN CO., LTD.	660,528	6.5
DOCOMO Systems, Inc.	495,628	5.5	DOCOMO Systems, Inc.	502,760	5.0

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.