Summary of Consolidated Financial Results for the First Half of Fiscal Year ending December 31, 2018 (Japanese Accounting Standards)

August 8, 2018

Listed Company Name:	FUJI SOFT INCORPORATED	Listing Exchanges: Tokyo Stock Exchange
Securities Code:	9749	URL http://www.fsi.co.jp/
Representative:	Satoyasu Sakashita, President & Representative Director	
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Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): August 9, 2018
Scheduled date of dividend payment: September 10, 2018
Supplementary documents for quarterly results: Yes
Quarterly results briefing: Yes

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the Six Months Ended June 30, 2018 (January 1, 2018 – June 30, 2018)

(1) Consolidated operating results (cumulative total) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended 6/18	100,688	11.7	5,281	26.1	5,712	29.7	3,317	29.7
Six months ended 6/17	90,112	10.1	4,186	3.5	4,404	7.9	2,557	21.4

(Note) Comprehensive income (million yen) Six months ended 6/18: 3,952 (13.4%)
Six months ended 6/17: 3,486 (449.0%)

	Net income per share	Net income per share/diluted
	Yen	Yen
Six months ended 6/18	106.02	105.70
Six months ended 6/17	81.80	81.73

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended 6/18	195,048	121,541	54.9
Year ended 12/17	174,568	118,411	59.9

Reference: Shareholders' equity (million yen) Six months ended 6/18: 107,082 Year ended 12/17: 104,535

2. Dividends

	Dividend per share				
	End of first quarter	End of interim period	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended 12/17	–	15.00	–	18.00	33.00
Year ending 12/18	–	18.00			
Year ending 12/18 (forecast)			–	18.00	36.00

(Note) Revisions to dividend forecasts published most recently: No

3. Forecast for Consolidated Business Results for the Fiscal Year Ending December 31, 2018
(Jan. 1, 2018 – Dec. 31, 2018) (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	187,000	3.4	10,000	3.0	10,300	0.4	5,900	1.8	188.53

(Note) Revisions to forecast for consolidated business results published most recently: No

* Notes

(1) Important changes in subsidiaries during this quarter (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to “2. Consolidated Financial Statements and Key Notes (4) Notes to consolidated financial statements” on page 11 of the accompanying materials.

(3) Changes in accounting principles and changes or restatement of accounting estimates
- (i) Changes in accounting principles due to amendment of accounting standards, etc.: Not applicable
- (ii) Changes in accounting principles other than (i): Not applicable
- (iii) Changes in accounting estimates: Not applicable
- (iv) Restatement: Not applicable

(Note) For details, please refer to “2. Consolidated Financial Statements and Key Notes (4) Notes to consolidated financial statements” on page 11 of the accompanying materials.

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of period (including treasury shares):	6/18:	33,700,000 shares	Year ended 12/17:	33,700,000 shares
2) Number of treasury shares at the end of period	6/18:	2,405,568 shares	Year ended 12/17:	2,405,296 shares
3) Average number of shares during the period (quarterly consolidated cumulative period)	6/18:	31,294,539 shares	6/17:	31,269,679 shares

* This financial summary does not need to undergo a quarterly review by certified public accountants or audit corporations.

* Cautionary statement with respect to forward-looking statements
The above forecast has been prepared based on data available on the announcement date. Since the data contains uncertainties, actual results may differ materially from the projections above due to changes in business performance and other factors.
For assumptions concerning financial forecasts, please refer to 1. Qualitative Information on Consolidated Results for the First Half Ended June 30, 2018, (3) Information on the future outlook, including forecast for consolidated business results on page 4 of the accompanying materials.

Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results for the First Half Ended June 30, 2018

(1) Details of consolidated results

During the consolidated first half under review (from January 1, 2018 to June 30, 2018), the Japanese economy continued to expand, driven mainly by improving corporate earnings and employment and income conditions, despite the uncertain economic outlook attributed in part to the impact of U.S. trade policy.

In the information services industry, new services and products utilizing advanced technologies such as artificial intelligence (AI), the Internet of Things (IoT) and robotics started to appear in efforts to achieve Society 5.0 (*1) through Investments for the Future Strategy 2018 (*2), a concept advocated by the Japanese government, among other initiatives. Meanwhile, given that the shortage of ICT engineers to respond to the sophistication and diversification of these new technologies and measures to strengthen cyber security to counter increasingly sophisticated and complex cyberattacks have become challenges, demand for ICT services is expected to increase.

In this business environment, the FUJISOFT Group focused on the more active hiring of human resources and training of engineers and developed systems including those for strengthening cooperation with its business partners. In the area of the latest technologies, regarding AIS CRM (*3) as a priority technical field, the Group worked on technical research, product development and the cultivation of professional engineers (Registered Information Security Specialists (RISS) and the Japan Deep Learning Association, JDLA Deep Learning for GENERAL) to create new businesses. The Group also aimed to achieve its medium-term goal of becoming an innovative corporate group that links ICT development to greater value for customers through its efforts to improve productivity and enhance corporate value.

In System Construction, the development of in-vehicle control software such as advanced driver-assistance systems (ADAS) and software related to electric vehicle continued to perform well in auto-related projects that attract attention with key words such as “automated driving,” “electronic operation” and “connectivity” (*4). In factory automation for machine control systems, development demand continued to be robust, and the development of control software remained strong. The Group also worked actively on the industrial robot SI business, a new growth area. In operation system development, the Group expanded orders on the back of rising needs for system renewal, greater operational efficiency and the promotion of the paperless office in the financial sector against the backdrop of digital transformation and fintech. In addition, system development and in the Internet-related sectors including e-commerce and public offices also remained strong. In the cloud SI business, the Group provided high value-added services utilizing the products of global venders such as Amazon.com, Inc., Microsoft Corporation and Salesforce.com.

In the Product and Service sector, sales continued to be solid in the license business and CAE solution services (*5) for the MCAE field. With regard to PALRO, a communication robot, the Group has been engaged in aggressive sales activities reflecting the growing focus on communication robots. This trend is exemplified by the fact that the Ministry of Economy, Trade and Industry and the Ministry of Health, Labour and Welfare have selected “monitoring and communication systems” as one of the priority areas to which robot technology is to be introduced in nursing care. In addition, as part of its efforts toward advanced technologies, the Group also strived to create new businesses as an AI integrator by exhibiting AI consulting and AI integration services at the AI EXPO – Artificial Intelligence Exhibition & Conference, etc.

To expand and strengthen new technologies and development fields, among other objectives, the Group has established additional offices in a number of locations in Japan (Sapporo, Hokkaido, Sumida-ku, Tokyo, Yokohama-shi, Kanagawa, Kariya-shi, Aichi, and Fukuoka-shi, Fukuoka) and acquired a planned construction site for a building in Shiodome (Minato-ku, Tokyo). The Group has also established a local subsidiary in the distribution and services sectors in Thailand to further expand operations in the rapidly growing ASEAN region.

To enable diverse work styles in accordance with the work-style reform promoted by the Japanese government, the Group has introduced Flexible Paid Leave, which permits employees to take a half-day leave flexibly without fixing the period of time during which they can take the leave, and Refreshing Time, which allows employees to take time off in increments of ten minutes to refresh themselves during work hours. With the introduction of new programs, the Group has established the Ultraflex System, which permits even more flexible ways of working than the previous Superflex System (flexible work hours without core hours, which was introduced in 1990). The Group has thus been working on work-style reform, such as changing the working hour system to respond flexibly to the way each employee needs to work. In addition, the Group was included in the Health and Productivity Management Organizations announced by the Ministry of Economy, Trade and Industry for the second consecutive year, in recognition of its efforts to promote work-life balance and good health and its strategic measures to encourage reduction of overtime work and the acquisition of paid leave.

As a result of these initiatives, in the first half under review, net sales stood at 100,688 million yen, up 11.7% year on year, thanks to the strong performance of the System Integration business. SG&A expenses came to 18,445 million yen, up 12.4% year on year, due in part to the increase in labor costs that resulted from the enhancement of structure and expenses associated with establishment of new offices. However, operating income rose 26.1% year on year, to 5,281 million yen, thanks to the increase of net sales. Ordinary income climbed 29.7%, to 5,712 million yen, mainly due to an improvement in the share of profit of entities accounted for using the equity method related to a securities-related affiliate. Profit attributable to owners of parent was 3,317 million yen, up 29.7% year on year.

*1: Society 5.0
A super smart society, the fifth new society using AI and IoT, etc., following "hunting and gathering society, "agrarian society," "industrial society" and "information society."
*2: Investments for the Future Strategy 2018
An economic policy package adopted at a Cabinet meeting in 2017, which contains government measures to work on bold reforms including tax, budget, and regulatory reforms by positioning the three years until 2020 as a period for productivity revolution and concentrated investment
*3: AIS-CRM (A: AI; I: IoT; S: Security; C: Cloud; R: Robot; M: Mobile & AutoMotive)
New technology which the Group positions as a priority technology
*4: Connectivity
Connecting a car with various items via the Internet
*5: CAE (Computer Aided Engineering)
The technology for simulation and analysis of prototypes on computers in research and development processes in manufacturing, which replaces the conventional tests and experiments using actual prototypes.

Results by business segment were as follows:

(i) SI (system integration) business
In the SI business, sales of and income from embedded/control software increased, reflecting brisk sales of auto-related and machine control projects. In operation software, both sales and income increased, thanks to strong sales to the financial sector, the Internet businesses, and distribution and services sectors. In Products and Services, both sales and income increased due to solid sales of other companies' products, the Group's products, and related services, etc. In the outsourcing business, both sales and income increased with the rise in operation and maintenance projects and outsourcing projects and the absence of expenses for data center renovations posted in the previous fiscal year.
As a result, net sales stood at 93,301 million yen, up 12.0% year on year. Operating income amounted to 4,383 million yen, up 31.0%.

* The following table shows a breakdown of net sales and operating income in the SI business.

(Million yen)

	Net sales	YoY change (%)	Operating income	YoY change (%)
SI business total	93,301	112.0	4,382	131.0
System construction	55,006	112.1	2,226	127.9
Embedded/control software	28,772	112.3	1,452	138.2
Operation software	26,234	111.8	773	112.1
Products and services	38,294	111.8	2,155	134.4
Products and services	30,555	114.6	1,656	119.5
Outsourcing	7,739	101.9	499	229.2

(Note) Operating income includes the elimination of intersegment transactions of -¥1,081 thousand.

(ii) Facility business
Net sales stood at 1,496 million yen, up 9.6% year on year, and operating income fell 2.7% year on year, to 536 million yen, mainly reflecting an increase of rental income from office buildings owned by the Company and certain consolidated subsidiaries.

(iii) Other businesses
Net sales from other businesses amounted to 5,890 million yen, up 8.8% year on year, and operating income grew 25.8%, to 363 million yen, reflecting strong performances in the data entry business and the contact center business.

(2) Details of financial position

(Total assets)

Total assets stood at 195,048 million yen at the end of the consolidated first half under review, up 20,480 million yen from the end of the preceding consolidated fiscal year. Current assets were 75,068 million yen (up 2,610 million yen from the end of the previous fiscal year), and non-current assets were 119,980 million yen (up 17,869 million yen).

Important factors in the change of current assets included an increase of notes and accounts receivable-trade and inventories by 1,550 million yen from the end of the previous fiscal year, to 41,000 million yen and 4,086 million yen, respectively, which are associated with the increase in net sales.

The main factors for the change in non-current assets included an increase in land by 17,123 million yen from the end of the previous fiscal year, to 47,456 million yen, mainly due to the acquisition of the Ryogoku Office and a planned construction site for Shiodome Building associated with business expansion.

(Liabilities)

At the end of the consolidated first half under review, total liabilities amounted to 73,507 million yen, up 17,350 million yen from the end of the previous fiscal year. Current liabilities were 56,677 million yen (rising 17,480 million yen from the end of the previous fiscal year), and non-current liabilities were 16,829 million yen (declining 129 million yen).

Primary factors in the change of current liabilities included an increase in notes and accounts payable-trade of 784 million yen from the end of the previous fiscal year, to 10,761 million yen, and a rise in short-term loans payable, the current portion of long-term loans payable and commercial papers of 16,817 million yen from the end of the previous fiscal year, to 25,282 million yen.

(Net assets)

Net assets rose 3,129 million yen from the end of the preceding fiscal year, to 121,541 million yen at the end of the consolidated first half under review. As a result, the equity ratio fell to 54.9% from 59.9% at the end of the previous fiscal year.

(Cash flows)

Consolidated cash and cash equivalents (“cash”) at the end of the consolidated first half under review were 20,502 million yen, a decrease of 1,954 million yen from the end of the previous fiscal year.

Cash flows by activity were as follows:

(i) Cash flows from operating activities

Net cash provided by operating activities stood at 4,459 million yen (down 1,741 million yen year on year).

The principal factors included an increase attributed to income before income taxes of 5,963 million yen and depreciation of 2,309 million yen, as well as a decrease attributed to an increase in notes and accounts receivable-trade by 625 million yen, increase in inventories by 833 million yen, and income taxes paid of 1,979 million yen, which are associated with the increase in net sales in the strong order environment.

(ii) Cash flows from investing activities

Net cash used in investing activities came to 22,216 million yen (19,959 million yen more than a year ago).

The principal factors included a decrease attributed to payments of 20,505 million yen for the purchase of property, plant and equipment and intangible assets, which are mainly associated with investment in equipment.

(iii) Cash flows from financing activities

Net cash provided by financing activities was 15,854 million yen (17,210 million yen more than a year ago).

The principal factors for the increase included proceeds from issuance of commercial papers of 7,000 million yen and proceeds from loans payable of 15,194 million yen, which are mainly associated with investment in equipment.

(3) Information on the future outlook, including forecast for consolidated business results

The results forecasts remain unchanged from those announced in the financial results for the fiscal year ended December 31, 2017 announced on February 15, 2018.

2. Consolidated Financial Statements

(1) Consolidated balance sheet

(Thousand yen)

	FY2017 (As of December 31, 2017)	Q2 FY2018 (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	18,851,274	18,703,976
Notes and accounts receivable - trade	40,288,285	41,000,683
Short-term investment securities	5,200,000	5,000,000
Merchandise	806,810	1,394,090
Work in process	2,407,425	2,672,042
Raw materials and supplies	33,974	20,291
Other	4,914,386	6,321,739
Allowance for doubtful accounts	-44,242	-44,371
Total current assets	72,457,914	75,068,452
Non-current assets		
Property, plant and equipment		
Buildings and structures	57,774,786	58,294,184
Accumulated depreciation	-26,375,330	-27,045,064
Buildings and structures, net	31,399,455	31,249,119
Land	30,332,356	47,456,119
Construction in progress	344,841	197,931
Other	15,021,663	15,026,818
Accumulated depreciation	-11,878,298	-11,608,263
Other, net	3,143,365	3,418,554
Total property, plant and equipment	65,220,019	82,321,724
Intangible assets		
Goodwill	2,203,635	1,889,069
Software	4,385,862	4,619,534
Other	232,417	225,803
Total intangible assets	6,821,915	6,734,407
Investments and other assets		
Investment securities	20,325,812	20,429,401
Net defined benefit asset	6,279,744	6,636,390
Other	3,472,364	3,867,425
Allowance for doubtful accounts	-9,002	-9,002
Total investments and other assets	30,068,919	30,924,215
Total non-current assets	102,110,854	119,980,347
Total assets	174,568,768	195,048,799

(Thousand yen)

	FY2017 (As of December 31, 2017)	Q2 FY2018 (As of June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,977,104	10,761,916
Short-term loans payable	4,326,574	16,503,350
Commercial paper	1,500,000	8,500,000
Current portion of long-term loans payable	2,638,280	278,840
Accrued expenses	3,836,148	4,932,701
Income taxes payable	2,102,993	2,079,850
Provision for bonuses	3,914,985	3,784,276
Provision for directors' bonuses	188,431	111,431
Provision for loss on construction contracts	173,069	120,178
Other	10,540,209	9,605,420
Total current liabilities	39,197,796	56,677,965
Non-current liabilities		
Long-term loans payable	4,182,408	4,054,062
Deferred tax liabilities	4,332,340	4,427,189
Provision for directors' retirement benefits	453,343	423,168
Net defined benefit liability	5,838,871	5,808,956
Other	2,152,128	2,116,314
Total non-current liabilities	16,959,091	16,829,690
Total liabilities	56,156,888	73,507,655
Net assets		
Shareholders’ equity		
Capital stock	26,200,289	26,200,289
Capital surplus	28,941,843	28,939,792
Retained earnings	56,035,115	58,789,529
Treasury shares	-4,863,528	-4,864,605
Total shareholders’ equity	106,313,720	109,065,005
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,172,724	6,066,425
Revaluation reserve for land	-8,228,200	-8,228,200
Foreign currency translation adjustment	194,526	60,469
Remeasurements of defined benefit plans	82,613	118,509
Total accumulated other comprehensive income	-1,778,336	-1,982,795
Subscription rights to shares	53,397	75,772
Non-controlling interests	13,823,098	14,383,160
Total net assets	118,411,880	121,541,143
Total liabilities and net assets	174,568,768	195,048,799

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

Consolidated first half results

(Thousand yen)

	H1 FY2017 (From January 1, 2017 to June 30, 2017)	H1 FY2018 (From January 1, 2018 to June 30, 2018)
Net sales	90,112,625	100,688,283
Cost of sales	69,519,415	76,960,913
Gross profit	20,593,210	23,727,370
Selling, general and administrative expenses	16,406,345	18,445,825
Operating income	4,186,864	5,281,545
Non-operating income		
Interest income	10,671	27,260
Dividends income	86,837	97,667
Share of profit of entities accounted for using equity method	157,299	204,243
Subsidy income	65,453	77,785
Other	51,574	76,996
Total non-operating income	371,836	483,952
Non-operating expenses		
Interest expenses	48,841	32,906
Foreign exchange losses	50,791	–
Loss on retirement of non-current assets	35,477	11,669
Other	19,408	8,171
Total non-operating expenses	154,519	52,747
Ordinary income	4,404,181	5,712,749
Extraordinary income		
Gain on transfer of business	–	494,372
Gain on sales of investment securities	313,963	–
Total extraordinary income	313,963	494,372
Extraordinary loss		
Loss on retirement of non-current assets	–	225,130
Impairment loss	11,419	18,343
Office transfer expenses	103,213	–
Total extraordinary loss	114,633	243,474
Income before income taxes	4,603,511	5,963,647
Income taxes-current	1,542,078	1,944,783
Income taxes-deferred	-99,979	-222,501
Total income taxes	1,442,098	1,722,281
Net income	3,161,413	4,241,365
Profit attributable to non-controlling interests	603,423	923,632
Profit attributable to owners of parent	2,557,989	3,317,732

Consolidated statements of comprehensive income

Consolidated first half results

(Thousand yen)

	H1 FY2017 (From January 1, 2017 to June 30, 2017)	H1 FY2018 (From January 1, 2018 to June 30, 2018)
Net income	3,161,413	4,241,365
Other comprehensive income		
Valuation difference on available-for-sale securities	515,139	-44,548
Foreign currency translation adjustment	36,123	-240,155
Remeasurements of defined benefit plans, net of tax	-295,926	26,947
Share of other comprehensive income of entities accounted for using equity method	69,693	-31,092
Total other comprehensive income	325,029	-288,848
Comprehensive income	3,486,443	3,952,516
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,000,067	3,114,233
Comprehensive income attributable to non-controlling interests	486,375	838,283

(3) Consolidated cash flow statement

(Thousand yen)

	H1 FY2017 (From January 1, 2017 to June 30, 2017)	H1 FY2018 (From January 1, 2018 to June 30, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	4,603,511	5,963,647
Depreciation	2,376,917	2,309,676
Loss on retirement of non-current assets	–	225,130
Impairment loss	11,419	18,343
Amortization of goodwill	177,508	188,672
Increase (decrease) in provision for loss on construction contracts	-166,304	-52,891
Increase (decrease) in net defined benefit liability	208,759	29,186
Decrease (increase) in net defined benefit asset	-326,530	-389,043
Equity in (earnings) losses of affiliates	-157,299	-204,243
Interest expenses	48,841	32,906
Foreign exchange losses (gains)	74,057	-9,998
Gain on transfer of business	–	-494,372
Loss (gain) on sales of investment securities	-313,963	–
Office transfer expenses	103,213	–
Decrease (increase) in notes and accounts receivable-trade	1,274,714	-625,067
Decrease (increase) in inventories	-91,201	-833,579
Increase (decrease) in notes and accounts payable-trade	776,640	800,602
Increase (decrease) in accounts payable-labor cost	1,285,125	741,231
Increase (decrease) in accrued consumption taxes	-746,648	-803,822
Increase (decrease) in accounts payable-other	127,459	34,839
Decrease (increase) in long-term prepaid expenses	-26,298	-16,003
Other	-828,329	-568,513
Subtotal	8,411,593	6,346,702
Interest and dividends income received	98,766	126,661
Interest expenses paid	-40,012	-33,915
Income taxes paid	-2,269,582	-1,979,991
Net cash provided by (used in) operating activities	6,200,765	4,459,456

(Thousand yen)

	H1 FY2017 (From January 1, 2017 to June 30, 2017)	H1 FY2018 (From January 1, 2018 to June 30, 2018)
Net cash provided by (used in) investing activities		
Payments into time deposits	-300,279	-2,509,858
Proceeds from withdrawal of time deposits	255,403	1,091,986
Purchase of property, plant and equipment	-1,178,950	-18,976,289
Purchase of intangible assets	-1,576,858	-1,528,874
Purchase of investment securities	-114,202	-90,535
Proceeds from sales of investment securities	698,696	–
Other	-41,401	-203,262
Net cash provided by (used in) investing activities	-2,257,591	-22,216,833
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	2,100,000	15,180,000
Decrease in short-term loans payable	-2,671,664	-3,003,224
Proceeds from long-term loans payable	32,905	14,074
Repayment of long-term loans payable	-546,300	-2,487,020
Net increase (decrease) in commercial papers	–	7,000,000
Purchase of treasury stock	-821	-1,077
Proceeds from exercise of stock option	114,259	–
Cash dividends paid	-468,623	-563,028
Dividends paid to non-controlling interests	-234,991	-250,077
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-5,504	-7,308
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	354,939	–
Repayments of lease obligations	-30,906	-28,291
Net cash provided by (used in) financing activities	-1,356,707	15,854,046
Effect of exchange rate change on cash and cash equivalents	27,594	-51,106
Net increase (decrease) in cash and cash equivalents	2,614,061	-1,954,436
Cash and cash equivalents at beginning of period	21,790,707	22,457,266
Cash and cash equivalents at end of period	24,404,768	20,502,829

(4) Notes to consolidated financial statements

(Note on going concern assumptions)

Not applicable.

(Note when there is a considerable change in the amount of shareholders' equity)

Not applicable.

(Important changes in subsidiaries during the first half under review)

Not applicable.

(Application of specific accounting treatment to the preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

Certain consolidated subsidiaries make a reasonable estimate of the effective tax rate after the application of tax effect accounting to income before income taxes for the current fiscal year including second quarter under review and multiply quarterly income before income taxes by the estimated effective tax rate.

(Changes in accounting principles and changes or restatement of accounting estimates)

Not applicable.

(Segment information)

[Segment information]

I. H1 FY2017 (From January 1, 2017 to June 30, 2017)

1. Information on Sales and Profit and Loss by Reported Segment

(Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-half consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	83,334,112	1,364,980	84,699,092	5,413,532	90,112,625	–	90,112,625
Inter-segment sales or transfers	46,653	308,749	355,403	395,792	751,196	-751,196	–
Total	83,380,766	1,673,729	85,054,496	5,809,325	90,863,821	-751,196	90,112,625
Segment profit	3,346,389	550,874	3,897,264	288,929	4,186,193	671	4,186,864

Notes:

1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of 671 thousand yen includes an elimination of inter-segment transactions of 671 thousand yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.

II. H1 FY2018 (From January 1, 2018 to June 30, 2018)

1. Information on Sales and Profit and Loss by Reported Segment

(Thousand yen)

	Reported segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount on first-half consolidated statement of income (Note 3)
	SI business	Facility business	Total				
Net sales							
Sales to outside customers	93,301,364	1,496,331	94,797,696	5,890,587	100,688,283	–	100,688,283
Inter-segment sales or transfers	51,425	312,604	364,029	405,610	769,640	-769,640	–
Total	93,352,789	1,808,936	95,161,725	6,296,198	101,457,924	-769,640	100,688,283
Segment profit	4,383,216	536,039	4,919,256	363,370	5,282,626	-1,081	5,281,545

Notes:

1. “Others” is a business segment that is not included in the reported segments and includes the data entry business, contact center business, and tissue engineering business, etc.
2. An adjustment of segment profit of -1,081 thousand yen includes an elimination of inter-segment transactions of -1,081 thousand yen.
3. The segment profit has been adjusted to the operating income stated in the consolidated income statement.

2. Information on Impairment Loss in Non-current Assets and Goodwill by Reported Segment

The presentation of information has been omitted due to its lack of material significance.