

Overview of Consolidated Operations

■ Economy Sustains a Moderate Recovery

During the fiscal year under review (January 1, 2014 to December 31, 2014), despite a surge in demand preceding an increase in the consumption tax and a subsequent reactionary decline, the Japanese economy sustained a moderate recovery.

Under these economic conditions, IT investments by domestic companies trended favorably during the January-March period as upgrades accompanying demand for replacement purchases for Windows XP and last-minute demand prior to the consumption tax increase peaked. Subsequently, IT investments trended firmly overall despite some visible weaknesses such as an ongoing year-on-year decline in domestic shipments of PCs resulting from a reactionary falloff in demand for replacement purchases for Windows XP.

■ Attaining the Forecast Revised Upward in April

Within this environment, based on our fiscal 2014 slogan “Live up to customer trust from a customer viewpoint and vitalize office with comprehensive strengths,” we secured inventories of PCs and office supplies and made responses in preparation for the peak in demand up to March. Moreover, we began operating a large-scale logistics center for the purpose of responding to an expansion in the volume of orders and commenced a business application server migration support service toward the termination of support for Windows Server 2003. We also made unprecedented efforts focused on combined system proposals and comprehensive proposals as well as proposed systems for strengthening competitiveness by reducing costs and improving productivity, as well as effective power saving countermeasures.

Additionally, efforts aimed at strengthening the accumulated business included augmenting our line of appealing office supplies and developing a lineup of maintenance services that support improvements in productivity of corporate activities and reduce burdens. We were therefore able to attain our revised forecast announced in April and recorded increases in sales and profits.

**Economy recovering modestly
IT investments trending firmly**

**Combined system proposals and
comprehensive proposals
Proposals for cost reductions and
productivity improvement**

■ Net Sales Surpass ¥600,000 Million and Profits Reach an All-Time High

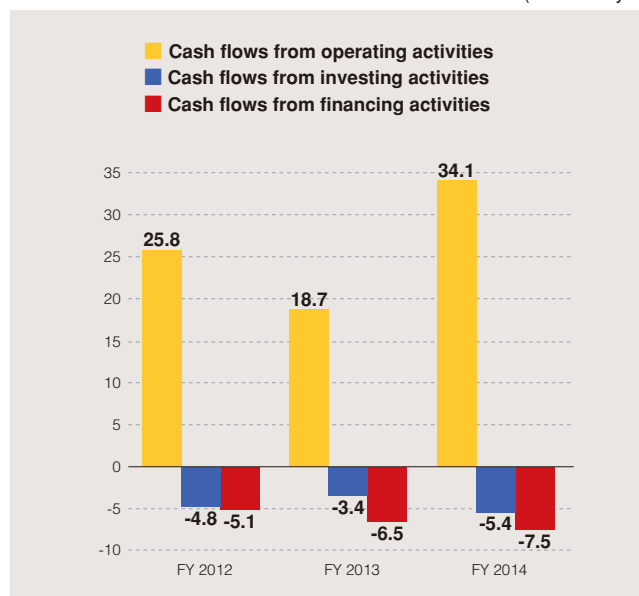
As a result of these measures, net sales rose 7.3% from the previous fiscal year to ¥605,766 million. At the profit level, operating income rose 9.4% to ¥37,097 million due to the increase in gross profit accompanying the rise in sales. Ordinary income increased 13.8% to ¥38,144 million and net income was up 15.7% to ¥23,455 million.

(Millions of yen)

	FY 2013	FY 2014	
	Amount	Amount	Change to Last Year
Net sales	564,595	605,766	+7.3%
Operating income	33,901	37,097	+9.4%
Ordinary income	33,505	38,144	+13.8%
Net income	20,271	23,455	+15.7%

■ Cash Flows

(Billions of yen)



Net cash provided by operating activities amounted to ¥34,130 million, a increase of ¥15,350 million from the previous fiscal year, due to an increase in income before income taxes and minority interests from the previous fiscal year.

Net cash used in investing activities increased ¥1,941 million from the previous fiscal year to ¥5,410 million due to an increase in payments for acquisition of software.

Net cash used in financing activities increased ¥1,019 million to ¥7,580 million due to an increase in cash dividends paid.

Overview of Results by Quarter

Net Sales

Net sales rose sharply in the first quarter (January-March) of 2014 and also increased in the second quarter (April-June) and the third quarter (July-September), but declined in the fourth quarter (October-December).

Net sales in the third quarter (July-September) of 2014 amounted to ¥130,799 million, a 1.2% increase from the previous third quarter. Net sales in the fourth quarter (October-December) of 2014 amounted to ¥142,555 million, a decrease of 5.4% over the previous fourth quarter.

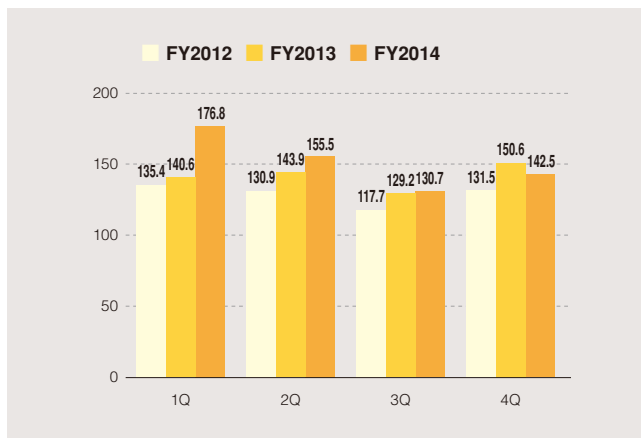
Ordinary Income

Ordinary income increased sharply in the first quarter (January-March) and rose in the second quarter (April-June), but declined from the third quarter (July-September) onward.

Ordinary income in the third quarter (July-September) of 2014 amounted to ¥4,529 million, a decrease of 13.3% from the previous third quarter. Ordinary income in the fourth quarter (October-December) of 2014 amounted to ¥8,818 million, down 8.4% from the previous fourth quarter.

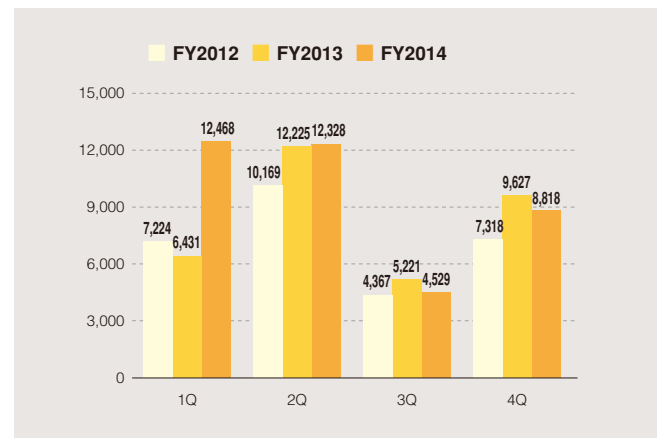
Quarterly Net Sales

(Billions of yen)



Quarterly Ordinary Income

(Millions of yen)



Overview of Business Segments

■ System Integration Business

The System Integration business provides optimized system services ranging from consulting to system design and development, transport and installation work and network construction. We firmly seized demand for system upgrades along with demand for replacement purchases for Windows XP, mainly in the January-March quarter. Despite a subsequent falloff in special demand for Windows XP replacement purchases, we recorded growth in unit sales of PCs and servers as well as robust unit sales of copiers. Consequently, net sales for the fiscal year in the System Integration business rose 9.0% to ¥362,068 million.

■ Service and Support Business

The Service and Support business provides customers with total service and support for their business operations and installed systems encompassing supplies, hardware and software maintenance, telephone support and outsourcing. Although our “tanomail” office supply mail-order service business was partially affected before and after the consumption tax increase in April, this business subsequently recorded solid results. For the fiscal year, “tanomail” and sales for maintenance and other support rose from the previous fiscal year. As a result, net sales in the Service and Support business rose 4.9% in the fiscal year to ¥243,316 million.

■ Other Business

In the Other Business, net sales decreased 42.1% from the previous fiscal year to ¥381 million.

Net Sales by Segments

(Millions of yen)

