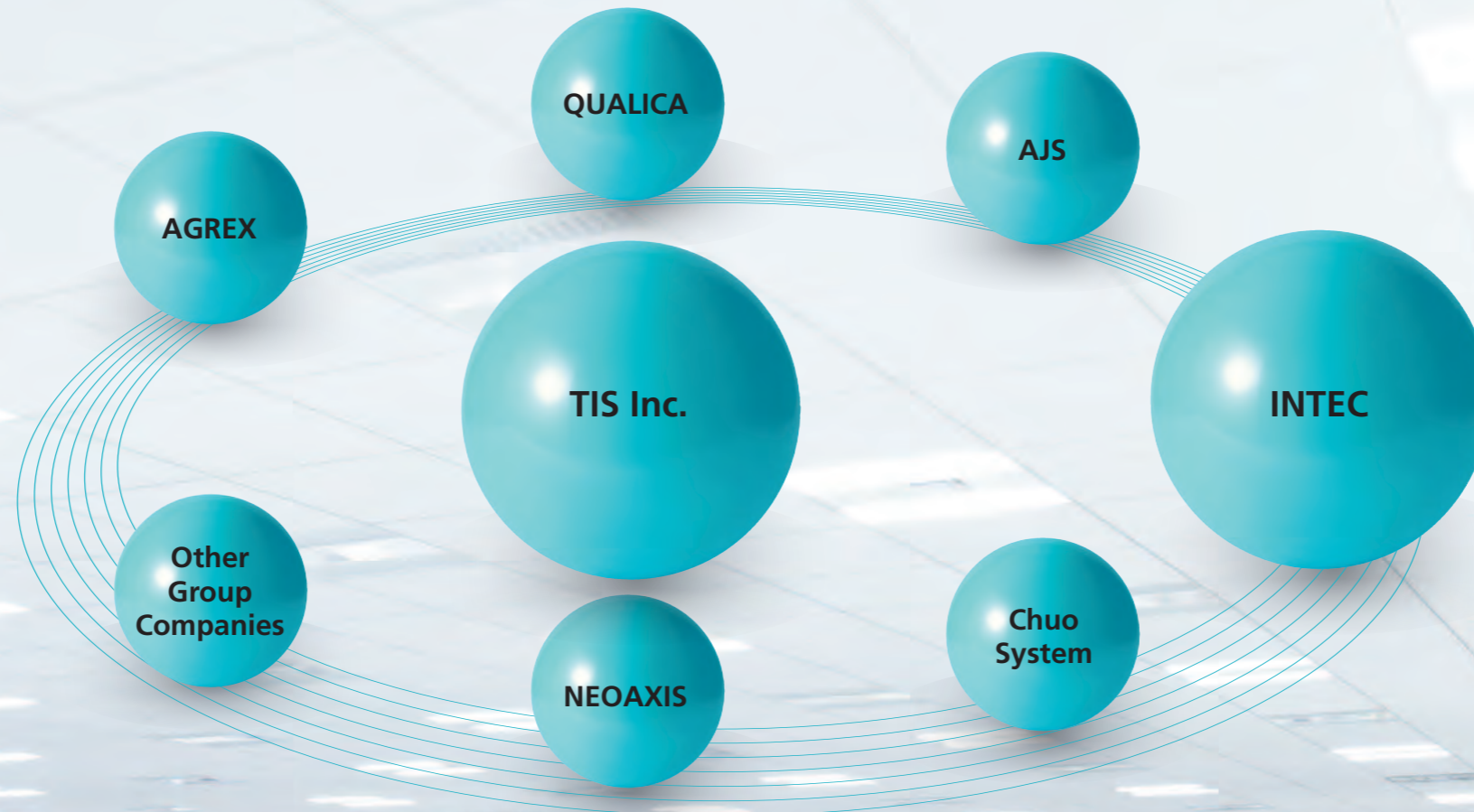


We seek new challenges, always moving ahead to “Go Beyond.”



On July 1, 2016, ITHD executed an absorption-style merger with wholly owned subsidiary TIS, Inc., and transitioned to an operating holding company. In conjunction, ITHD changed its name to “TIS, Inc.” and also brought the brands used by individual corporate groups within the Group under the banner “TIS INTEC Group” to encourage wider cooperation throughout the Group and elicit a real sense of togetherness that extends beyond the borders of corporate units and encompasses all employees.

The TIS INTEC Group will continue to embrace measures, including business reorganization, to generate synergies among Group companies from the perspective of overall optimization, provide excellent services as a cohesive organization, and thereby earn the trust of clients and be their choice for IT services.



CONTENTS

What does the TIS INTEC Group do?	3
History of the TIS INTEC Group	5
TIS INTEC Group Value Creation Process	7
Consolidated Financial Summary/ Consolidated Financial/ Non-Financial Highlights	9
To Our Stakeholders	11
Third Medium-Term Management Plan “Beyond Borders 2017”	19
Group Business Summary	21
IT Infrastructure Services/ Financial IT Services/ Industrial IT Services	21
Global Business	23
Platform that Supports Value Creation Process	25
Communication with Stakeholders	26
Contributing to Global Environment	31
Quality Control	32
Research and Development	33
Corporate Governance	35
Directors and Members of the Audit & Supervisory Board	37
Message from External Director	43
Financial Review	46
Financial Statements	52
Corporate Data	59

Editorial Policy
From 2016, we have opted for an integrated report that provides key financial as well as non-financial content to enable all stakeholders, particularly shareholders and investors, to better understand the measures that we have taken to achieve sustainable improvement in the corporate value of the TIS INTEC Group. Please check our website, as well, for information, as many of the topics we cover in the report are updated on the website, as appropriate.
<http://www.tis.com/>

Scope of reporting: TIS (parent) and TIS INTEC Group
Issued: September 2016

Disclaimer: Forward-looking statements, such as performance forecasts, described in this report are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the production date and certain assumptions deemed reasonable at this time. No intent of promise is implied by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.

The names of the products and services described in this report are trademarks or else registered trademarks of the respective company.



What does the TIS INTEC Group do?

The TIS INTEC Group accurately addresses the diverse needs of a client base that extends across many industry sectors, as one of Japan's leading IT corporate groups. As a cohesive group, comprising about 60 companies and 20,000 people, we will provide IT services that draw on the

individual strengths of each company and its human resources to support the business activities of a vast client base in such industries as finance, manufacturing, services and the public sector, at home and abroad, and contribute to efforts that support personal lifestyles and social infrastructure.

Support lifestyle scenarios

Support industrial competitiveness

Contribute to build a better future

Support financial functions

Support various businesses

Public and Government Systems

We provide general administration systems for government use, including systems related to taxes and national health insurance, and we support efforts to create safe, eco-friendly communities where residents feel secure and lifestyles are characterized by greater convenience through the establishment of smart cities utilizing ICT infrastructure.

Utilities (electricity, gas, water)

We support public and public service businesses, which are required to meet high levels of reliability and robustness, from an IT perspective with a range of solutions, from income/expense control and card settlement systems to power generation maintenance systems. We are also actively addressing new demand paralleling liberalization of the electric power and gas sectors in Japan.

Manufacturing

We support the global business development of manufacturers by making business processes more efficient through a rich assortment of packages and templates matched to facets of manufacturing, a business realm characterized by its variety of business processes, from design work through to sales control.

Distribution/Services

We provide solutions matched to all stages of the business lifecycle, starting with system configuration designed to realize greater efficiency in sales and distribution processes distinct to industry sectors and types of business. We support food safety and stable distribution through fast and secure merchandising systems and traceability systems.

New Technologies (AI, IoT, Fintech, etc.)

We pursue research into new IT technologies, such as artificial intelligence (AI), the Internet of Things (IoT) and robotics, and explore options for commercialization of such technologies. In the field of fintech, we apply new technologies, sourced not only in Japan but also from overseas, to facilitate access to services geared to new finance technology.

Credit Cards/Settlement

We support systems that utilize credit cards, such as web-based services linked to core systems, including systems to screen applications and issue cards as well as systems for sales, billing, payment to accounts and demand for payment, in addition to payment formats related to retail settlement, such as prepaid cards and debit cards.

Banking/Insurance

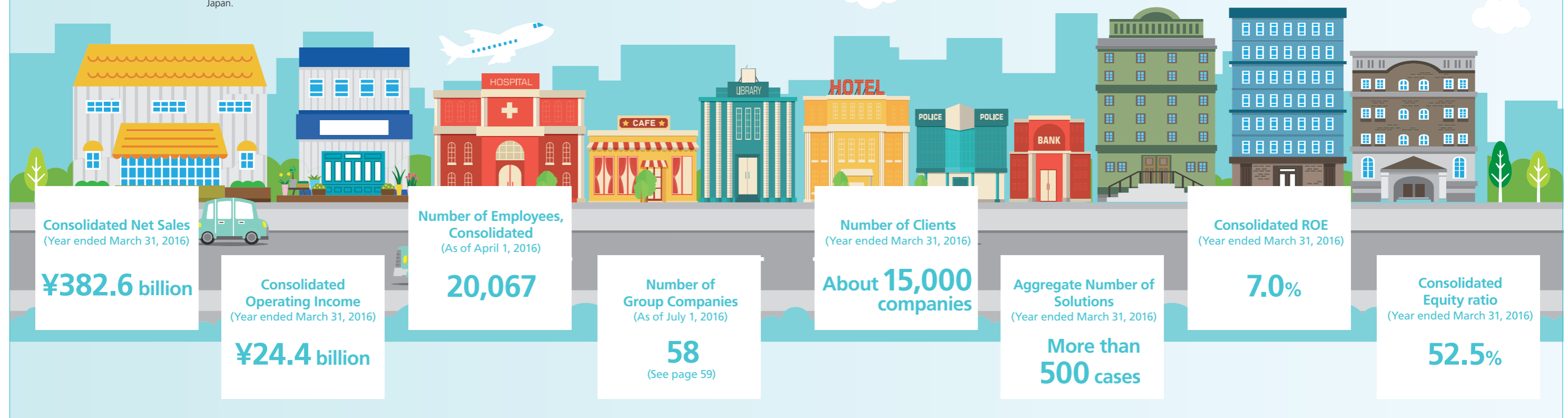
We provide systems to support banking operations, which require IT services with extremely high levels of reliability and quality. We also offer total solutions for insurance operations, including systems to handle policy applications, screening and other core processes, as well as establishment and operation of call centers.

Platform Services

With the largest data center network in Japan, we keep the valuable information assets of our clients safe and secure 24 hours a day 365 days a year. In addition to on-premise operations, we offer high-level services applicable to various platform environments offering cloud services, including private cloud and public cloud services.

BPO Services

We offer an extensive menu of outsourced solutions and services covering all the administrative processes otherwise handled by clients, from data entry to call center operation and direct mail envelope-stuffing and distribution.



3

TIS INTEC GROUP

4

TIS INTEC GROUP

TIS INTEC Group companies have been leaders in the information services industry since its inception

1964 Toyama Computer Center, Inc. (now, INTEC) established.

1971 Toyo Information Systems, Co., Ltd. (now, TIS) established.

April 2008 ITHD is created through the management integration of TIS and INTEC Holdings, Ltd.

2008–2009 ITHD Group is reorganized. INTEC Holdings is merged into INTEC, and nine TIS subsidiaries are put under the direct control of ITHD.

December 2009 SORUN Corporation joined the ITHD Group.

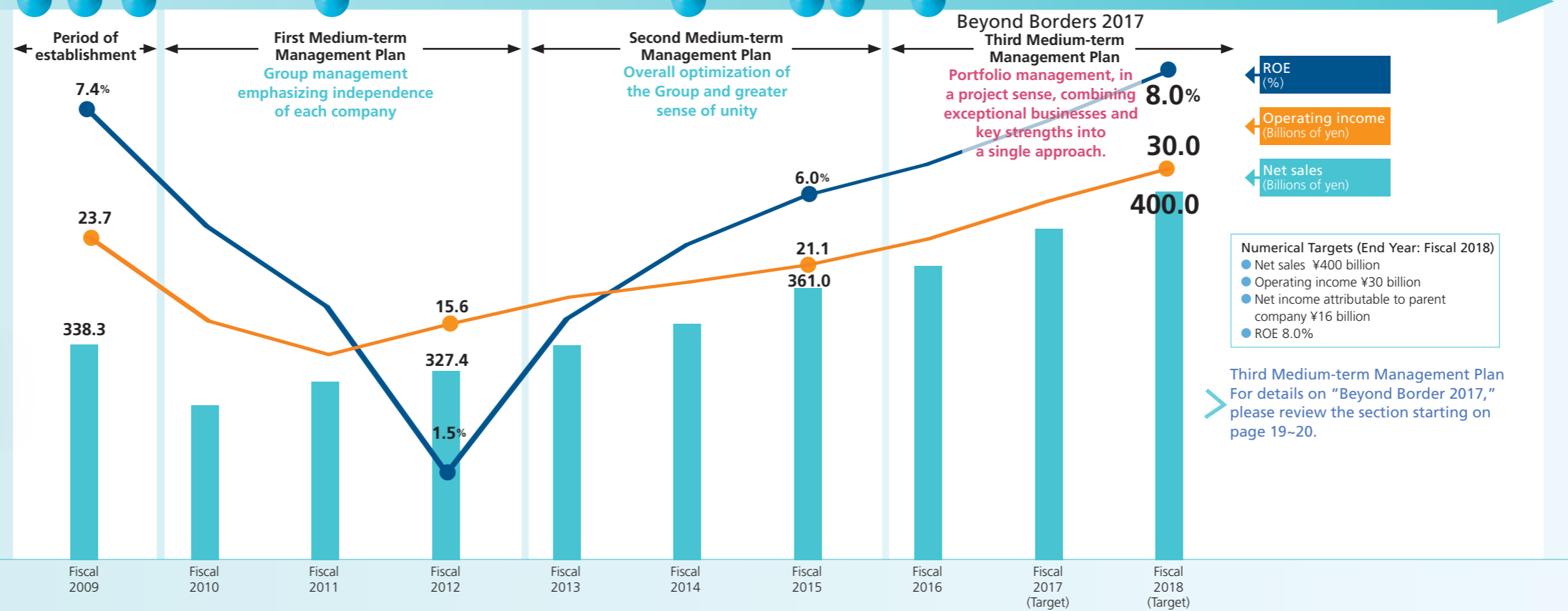
April 2011 ITHD orchestrated a three-company merger involving TIS, SORUN and UFIT Co., Ltd., with TIS as the surviving company.

June 2014 ITHD debuted a single logo for all Group companies and adopted a new brand message, "Go Beyond".

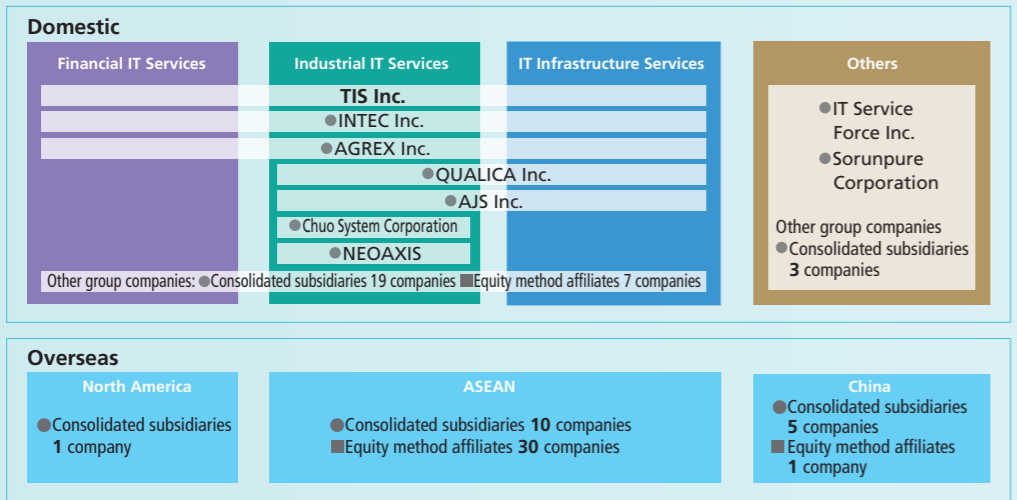
March 2015 ITHD turned AGREX Inc. into a 100% consolidated subsidiary.

May 2015 Discussions on Group reorganization began

July 2016 Shift to TIS INTEC Group ITHD executed an absorption-style merger with TIS, adopted its subsidiary's high-profile name and transitioned to an operating holding company.



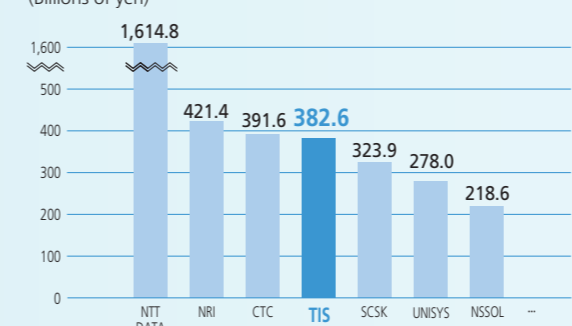
As of July 1, 2016, the TIS INTEC Group consists of the parent company, 46 consolidated subsidiaries, and 38 affiliated companies accounted for under the equity method.



IT Services Industry Market Scale and Industry Position

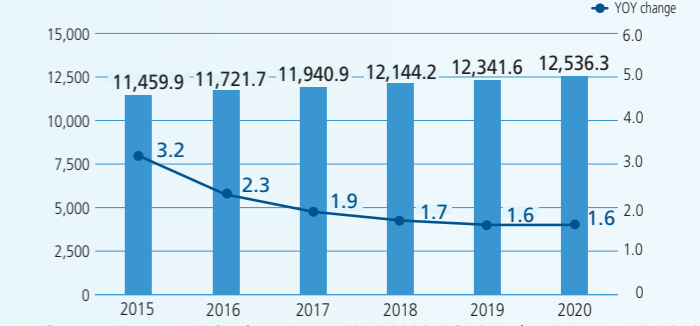
TIS INTEC Group belongs to the IT services industry. The Company is a leading, independent prime contractor, ranked as the industry's No. 2 system integrator on a consolidated sales basis.

Net Sales of Japan's Leading IT Companies (Year ended March 31, 2016) (Billions of yen)

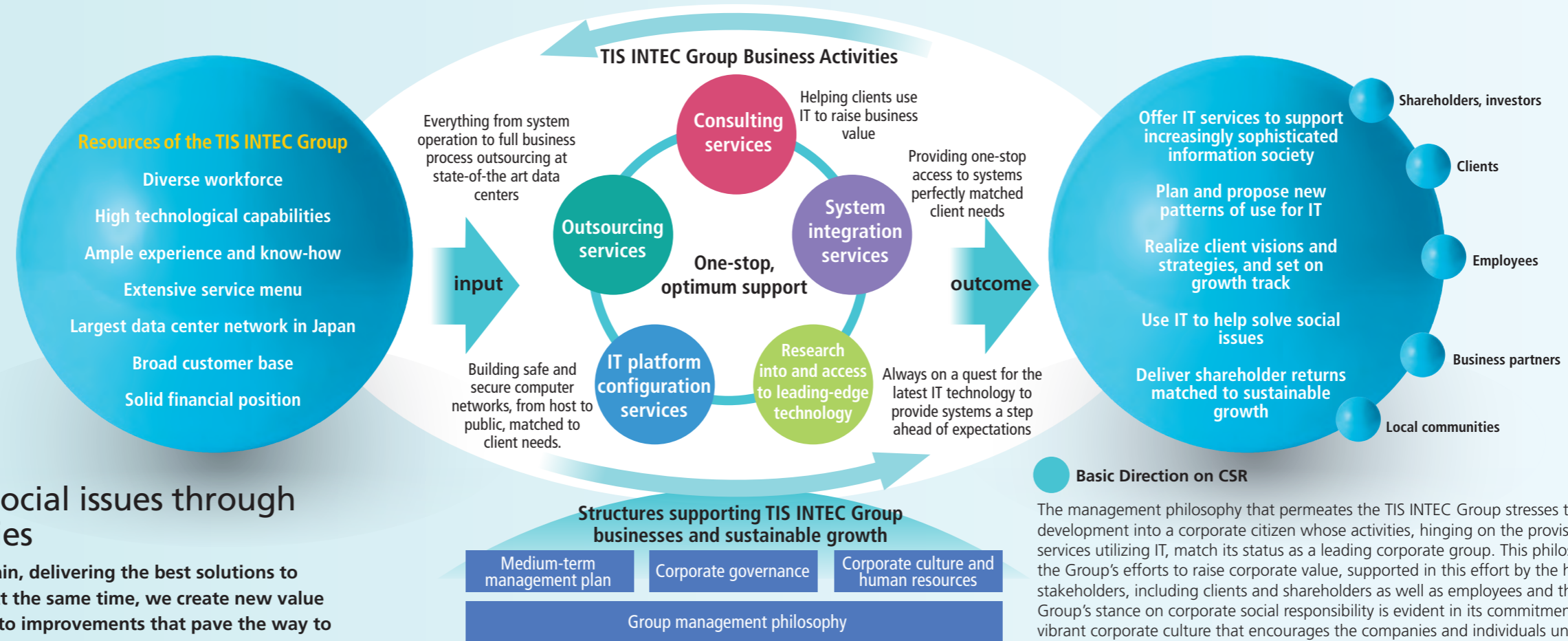


Note: The graph data indicates net sales of NTT DATA Corporation, Nomura Research Institute, Ltd., ITOCHU Techno-Solutions Corporation, SCSK Corporation, Nihon Unisys, Ltd., NS Solutions Corporation, and TIS INTEC Group.

IT Services Market Size in Japan (moderate case) (Billions of yen, %)



Gartner "Forecast: IT Services, Japan, 2014-2020, 2Q16 Update" August 10, 2016 End user spending based Graph created by TIS based on Gartner research The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Integrated Report) and the opinions expressed in the Gartner Report(s) are subject to change without notice.



We help solve social issues through business activities

The Group acts as an IT brain, delivering the best solutions to address clients' IT needs. At the same time, we create new value for society and contribute to improvements that pave the way to a better future.

Group Management Philosophy

The TIS INTEC Group seeks to be a corporate citizen whose activities, namely, the provision of various services utilizing information technology (IT), match its status as a leading corporate group, and will strive to raise corporate value, supported in this effort by the high regard of all its stakeholders, including clients and shareholders as well as employees and their families.

- We will cultivate a vibrant corporate culture that encourages companies and individuals under TIS INTEC Group umbrella to work toward higher goals and embrace new challenges, and thereby ensure corporate growth.
- We will always provide our very best to clients by combining Group strengths to foster higher quality and greater sophistication in our technological capabilities.
- We will uphold high corporate morals and fulfill our social obligations.

Group Vision

● Play an integral role in realizing the comfortable lifestyles of tomorrow through IT

As the leading IT services group, we will design the template and develop the businesses that support several facets of tomorrow's society—where IT is the driving force of brisk activity in all industries as well as the creation of pleasant living environments where people feel safe and secure.

● Act with initiative and a sense of enterprising spirit

We will be a group with a corporate culture that makes work enjoyable for employees and an atmosphere that encourages people to quickly pinpoint currents of change rippling across various realms, including society and technology, and resourcefully tackle emerging issues from a fresh perspective.

● Secure the highest level of technological expertise

We will be a group that is constantly evolving, with an emphasis on new-technology and innovative R&D, production techniques and quality control, to achieve the highest level of quality and sharpen cost competitiveness.

● Contribute to social and industry advances

As part of the IT services industry, we will be a group that plays a pioneering role in the overall development of our industry, and as a member of society, we will be a group that faithfully carries out our social responsibility and contributes to the communities in which we share a presence. This two-fold commitment will earn us a solid reputation far and wide.

Basic Direction on CSR

The management philosophy that permeates the TIS INTEC Group stresses the Group's development into a corporate citizen whose activities, hinging on the provision of various services utilizing IT, match its status as a leading corporate group. This philosophy also underpins the Group's efforts to raise corporate value, supported in this effort by the high regard of all its stakeholders, including clients and shareholders as well as employees and their families. The Group's stance on corporate social responsibility is evident in its commitment to cultivate a vibrant corporate culture that encourages the companies and individuals under the Group umbrella to work toward higher goals and embrace new challenges, to be honest and fair in business pursuits based on respect for the law, of course, as well as high moral standards, and to fulfill social obligations. This is the Group's basic direction on CSR.

Ensure sound, transparent management practices	Acknowledge responsibilities as a leading corporate group in the IT services industry and undertake sound corporate activities with integrity and clarity of purpose. In addition, be sincere and fair in dealings with all stakeholders and proactively disclose pertinent corporate information.
Provide optimum services	Always provide the very best to clients and strive to raise customer satisfaction levels through excellent quality and technology built on the composite strengths of the Group.
Develop talent	Cultivate an environment in which employees always look ahead, striving to achieve higher goals and embracing new challenges. Provide opportunities to grow and realize personal goals, create a safe and productive work environment, and give each person the freedom to reach his or her potential.
Respect the law	Maintain high corporate morals, obey the law and uphold parameters of socially acceptable conduct, and respect the spirit of such standards. Have absolutely nothing to do with antisocial forces.
Maintain fair business practices	Ensure appropriate business transactions, based on fair and open competition.
Protect the environment	Recognize that environmental problems warrant universal attention and promote efforts to save resources and energy in the execution of corporate activities. Also, through IT services, support clients' efforts to enhance operating efficiency and reduce energy consumption, thereby contributing to lower environmental impact.
Contribute to society	Actively participate in community events as a corporate citizen whose social standing matches its leading industry status.
Be a part of the international community	Naturally, obey internationally recognized rules and local laws in the execution of cross-border projects, but also contribute to social and economic development in the countries where TIS INTEC Group maintains a presence by recognizing local culture and customs.

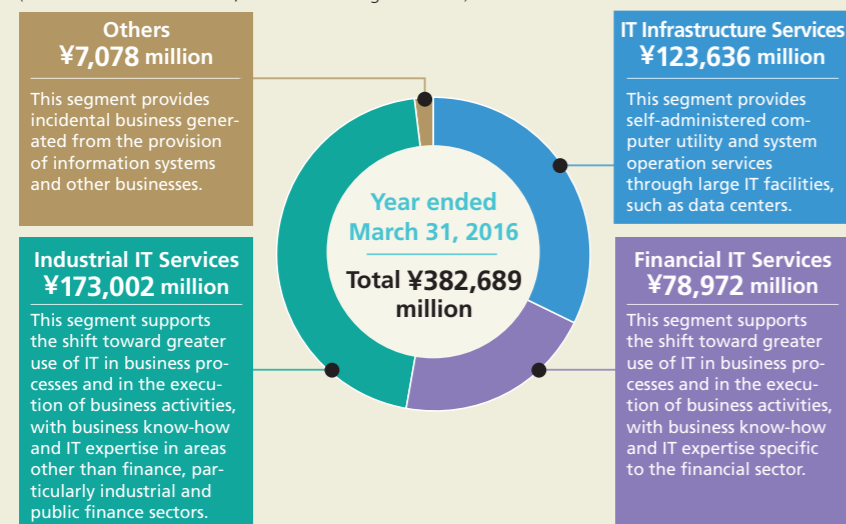
(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Net sales	323,173	327,417	337,834	346,647	361,025	382,689
Cost of sales	261,145	266,159	276,935	283,881	294,927	312,153
Gross profit	62,027	61,258	60,899	62,766	66,097	70,535
Selling, general and administrative expenses	49,209	45,636	42,727	43,255	44,976	46,099
Operating income	12,818	15,621	18,171	19,510	21,121	24,436
Recurring profit	12,625	15,393	17,440	18,971	21,251	24,521
Net income	5,985	2,135	5,868	7,913	10,275	12,678
Current assets	128,455	142,442	138,219	143,519	140,450	166,666
Fixed assets	172,620	167,560	164,083	170,091	205,401	169,828
Total assets	301,076	310,003	302,302	313,610	345,851	336,495
Current liabilities	73,090	83,065	91,063	72,790	77,666	91,508
Non-current liabilities	76,875	75,972	53,079	76,316	79,395	64,447
Total liabilities	149,965	159,038	144,143	149,107	157,062	155,955
Net assets	151,110	150,965	158,159	164,502	188,789	180,539
Total liabilities and net assets	301,076	310,003	302,302	313,610	345,851	336,495
Total interest-bearing debt	77,454	76,515	60,550	58,869	52,114	46,158
Cash flow from operating activities	27,236	23,658	21,515	25,770	22,938	25,496
Cash flow from investing activities	-18,957	-15,158	-14,391	-5,334	-17,744	8,688
Cash flow from financing activities	-18,755	-4,230	-19,883	-5,872	-19,067	-14,979
Cash and cash equivalents at the end of the term	36,492	41,119	28,433	43,142	29,485	48,651
Free cash flow	8,279	8,500	7,124	20,436	5,194	34,184
Capital expenditures	18,325	14,096	12,287	12,544	16,873	14,210
Depreciation	12,308	12,745	12,920	12,454	12,809	11,952
Research and development expenses	1,062	962	1,002	853	1,097	1,086
Amortization of goodwill	1,901	1,882	1,670	1,166	1,052	339
Goodwill balance at the end of the term	5,551	3,672	1,914	830	2,021	1,393
Net income per share—basic (yen)	68.19	24.33	66.86	90.16	117.40	145.22
Net income per share—diluted (yen)	—	—	66.83	90.12	—	—
Dividends per share (yen)	32.00	18.00	21.00	25.00	30.00	33.00
Payout ratio (%)	46.9%	74.0%	31.4%	27.7%	25.6%	22.7%
Total return ratio (%)	46.9%	74.0%	31.4%	27.7%	30.4%	35.3%
Net assets per share (yen)	1,636.56	1,636.72	1,714.88	1,782.23	2,108.19	2,031.07
Operating income to net sales ratio (%)	4.0%	4.8%	5.4%	5.6%	5.9%	6.4%
Net income to net sales ratio (%)	1.9%	0.7%	1.7%	2.3%	2.8%	3.3%
Interest-bearing debt ratio (%)	25.7%	24.7%	20.0%	18.8%	15.1%	13.7%
Equity ratio (%)	47.7%	46.3%	49.8%	49.9%	53.3%	52.5%
Net income to equity capital ratio (ROE) (%)	4.2%	1.5%	4.0%	5.2%	6.0%	7.0%
Sales to total assets ratio (times)	1.1	1.1	1.1	1.1	1.1	1.1
Financial leverage (times)	2.2	2.1	2.1	2.0	1.9	1.9
Recurring profit to total assets ratio (ROA) (%)	4.1%	5.0%	5.7%	6.2%	6.4%	7.2%
Number of employees at the end of the term	20,831	20,347	19,553	19,065	19,090	19,393
Number of new-graduate recruits	928	649	356	455	620	688
Number of regular recruits	370	450	379	549	499	687

Notes: 1. Total interest-bearing debt indicates the total sum of borrowed money and corporate bonds.
 2. Free cash flows indicate the total sum of cash flows from operating activities and cash flows from investing activities.

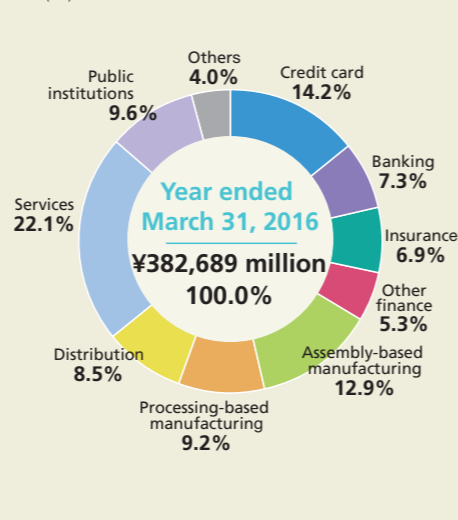
Net Sales by Business Segment

(Sales to outside customers, excludes intersegment sales)



Net Sales by Client Sector (%)

(%)



9

TIS INTEC GROUP

Profile

Group History

Value Creation Process

Financial/Non-Financial Highlights

To Our Stakeholders

Medium-Term Management Plan

Group Business Summary

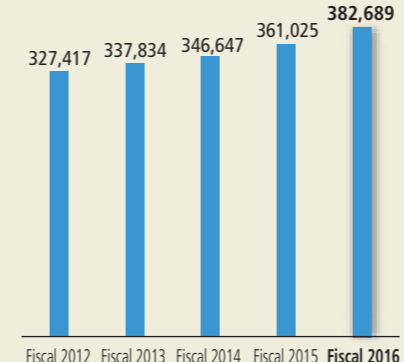
Platform that Supports Value Creation Process

Financial Review Financial Section

Corporate Data

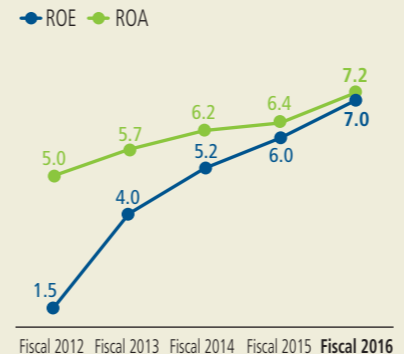
Net Sales

(Millions of yen)



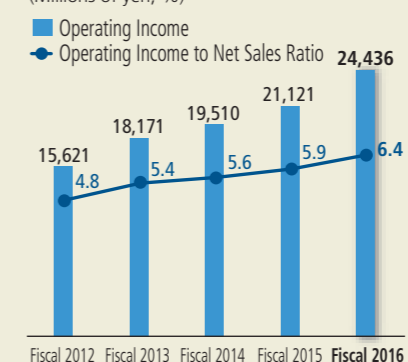
ROE, ROA

(%)



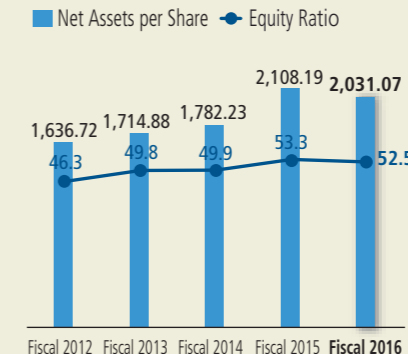
Operating Income, Operating Income to Net Sales Ratio

(Millions of yen, %)



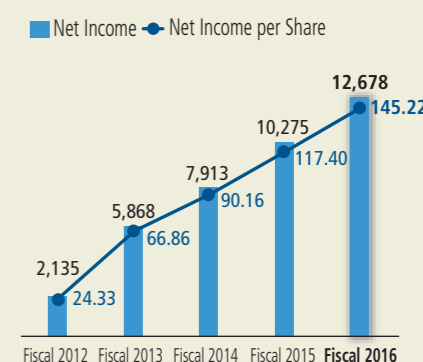
Net Assets per Share, Equity Ratio

(Yen, %)



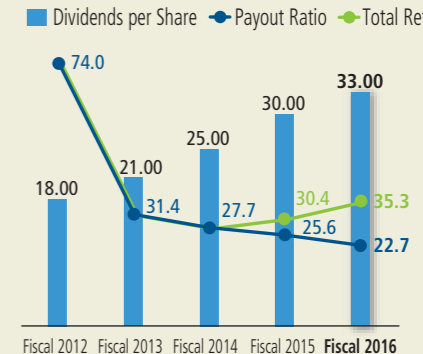
Net Income (Millions of yen), Net Income per Share

(Millions of yen, Yen)



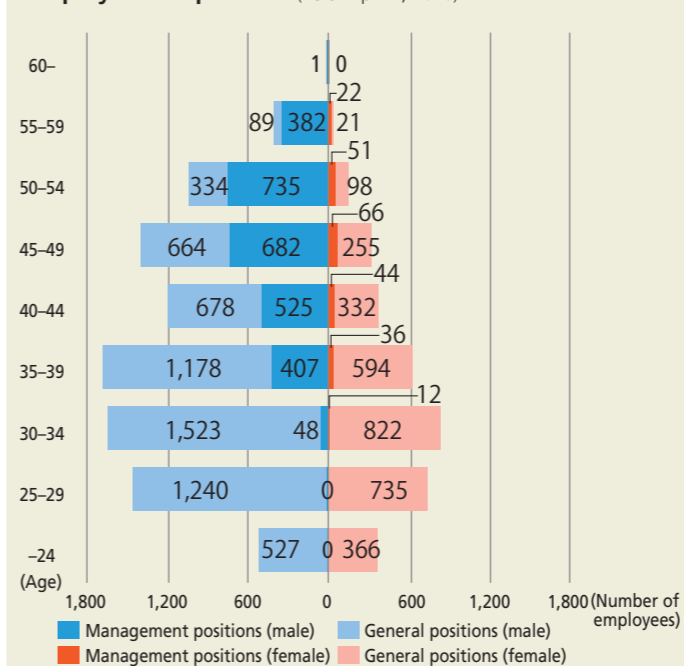
Dividends per Share, Payout Ratio, Total Return Ratio*

(Yen, %)



*Total return ratio: Total amount of dividends and treasury stock buybacks as a percentage of net income.

Employee Composition (As of April 1, 2016)



Non-Financial Data (As of April 1, 2016)

Number of full-time employees	Male	9,013	Average total working hours	178.47
	Female	3,454	Non-scheduled hours worked	26.73
	Total	12,467	Ratio of annual paid leave taken	63.35%
Average age	Male	38.66	Number of employees on maternity leave	424
	Female	34.35	Of this, men (paternity leave)	20
	Total	37.51	Number of employees working shorter number of hours to care for young children	476
Average length of service (years)	Male	13.79	Of this, men	6
	Female	10.41	Employees on nursing care leave	8
	Total	12.84	Employees working shorter number of hours to care for elderly family	4
Turnover rate		4.76%	Number of non-Japanese employees (foreign nationals)	137
Number of employees in management positions	Male	2,780	Percentage of employees with a disability ³	1.95%
	Female	231	Percentage of employees over the age of 60	0.97%
	Total	3,011		
Number of employees in general positions	Male	6,233	* Senior employment: Following amendments to the Law on Stabilization of Employment of Older Persons in April 2013, we introduced a continuous employment system that enables all employees and anyone who falls under the criteria of this law, who are in good health and have the desire to continue working after mandatory retirement, the opportunity to be reemployed and continue working up to the age of 65.	
	Female	3,223		
	Total	9,456		
Percentage of employees in management positions	Male	30.84%		
	Female	6.69%		
	Total	24.15%		

Notes: 1. The above are totals and averages for the TIS INTEC Group's five principal companies (TIS, INTEC, AGREX, QUALICA and AIS).
 2. The numbers above are simple combined averages or weighted averages.
 3. The percentage of employees with a disability represents the combined total for TIS, SorunPure Inc. and 11 affiliated specially recognized companies under the Group umbrella (employees hired under regular: 19,881.0 people; employees with a disability: 388.0 people).
 4. Percentage of employees over the age of 60 is calculated based on June 1, 2016.

10

TIS INTEC GROUP

To be consistently chosen by clients and the market as a corporate group bursting with distinctive capabilities

On July 1, 2016, the ITHD Group marked a new beginning as the TIS INTEC Group. Toru Kuwano, president and representative director at TIS, which transitioned into an operating holding company, talks about the reasons behind the recent integration and reorganization of Group companies, the new management direction and structure, and the Group's future.

Reasons Behind the Recent Integration and Reorganization of Group Companies

Q1. **Background up to establishment of operating holding company—Changing IT needs**
 “We’re moving into an era where IT strategies = management strategies”

In recent years, IT has acquired a significantly different requirement to fulfill in society. Indeed, the fourth industrial revolution has dawned, where innovations in technology, highlighted by the Internet of Things (IoT), big data, robots and artificial intelligence (AI), will transform prevailing social and economic systems. The inherent advances of this revolution are reshaping the business models that companies use. The effect goes beyond the realm of frontier-driven venture companies, with all sectors of domestic industry, including the banking industry and other core industries, catching on to the idea that “IT strategies = management strategies”. The key to corporate survival amid increasingly fierce competition in global markets today is to consistently push toward greater use of IT.

Against this backdrop, the function that the IT services industry is expected to fulfill is evolving as well. At one time, the mobilizing force of an IT service provider was the number of system engineers it had on staff, and that pool of talent ensured competitive superiority. Today, that is not enough. Competitive superiority depends on a wider ability to anticipate client needs and identify potential responses even before clients themselves see the need and to be a step ahead of industry peers in delivering the appropriate solutions. Management at ITHD realized that the Group's strengths had to be reinforced—better combined—to keep the Group viable in the industry, and this is what led to the recent integration and reorganization into the TIS INTEC Group.

President
Toru Kuwano



Measures to Strengthen Group Management Foundation

The Group will embrace the following measures to achieve a stronger management foundation, in line with the reorganization of Group companies: (1) create a new Group vision, (2) implement groupwide measures to raise productivity in software development and operation, (3) promote innovative business plan drawing on groupwide know-how, and (4) consolidate and share head office functions

Overall Image of Integration and Reorganization



Efforts to reinforce the Group management platform will parallel efforts to redefine the Group formation.

- 1. Instill new Group vision**
 Start fostering corporate culture shared throughout the Group. Cultivate shared sense of values groupwide, establish a vision, and let these qualities and forward-looking perspective be the unifying force that pulls the whole organization together.
- 2. Promote measures that cut laterally across the Group to improve development and operating productivity**
 Identify best practices from measures undertaken at each company to boost development and operating productivity, and promote these practices across the Group structure. This will help to improve the value of the services provided and prevent projects from turning unprofitable.
- 3. Encourage innovation that draws on groupwide know-how**
 Encourage innovation that consolidates lead-edge technology know-how, such as IoT, financial technologies, AI and robotics, from Group companies and link the knowledge to new value creation for companies, industry and society
- 4. Integrate head office functions and promote common access to such functions**
 Push toward integration of head office functions and reinforce Group governance.
 Expand scope of applicable shared services, which have been available to some Group companies already, reduce management and indirect costs within the Group, and raise service levels.

Q2. About the shift to an operating holding company

“Leadership is essential for corporate management with a sense of speed”

The noteworthy features of the TIS INTEC Group are that each company under the Group umbrella has very distinct strengths and that the overall client base is well-balanced, with an extensive range of top-notch companies in many different sectors of industry at home and abroad. Even under the previous pure holding company structure, Group companies worked with each other depending on the project, but situations did arise in certain segments, such as business processing outsourcing (BPO) and the energy business, where it was difficult to formulate medium-term business strategies that could be applied laterally across the Group. We determined that management with a sense of speed—that is, fast decision-making—was essential for the Group to provide high-added-value services amid rapidly changing business conditions. An operating holding company would lead the Group, clarify the direction of business strengths—core competence—under a cohesive corporate group, and guide investments and measures aimed at lifting overall capabilities to a higher level.

About the Group's Five Principal Companies

Company Name	Shareholding Ratios	Description of Business
TIS Inc.	—	Focuses on credit card companies but pursues business opportunities in a wide range of sectors, including services and manufacturing. Merged with SORUN and UFIT in April 2011 and implemented structural reforms. Merged with pure holding company IT Holdings Corporation in July 2016 and became operating holding company.
INTEC Inc.	TIS 100%	Focuses on megabanks and life insurers but promotes CRM for regional banks and offers a wide selection of services to regional public corporations, particularly in the Hokuriku region.
QUALICA Inc.	TIS 80% Komatsu 20%	Formerly, information systems subsidiary of Komatsu. Focuses on assembly-based manufacturers, mainly those under the Komatsu Group umbrella, while expanding business with companies in the distribution and restaurant sectors.
AJS Inc.	TIS 51% Asahi Kasei 49%	Formerly, information systems subsidiary of Asahi Kasei. Focuses on companies under the Asahi Kasei Group umbrella.
AGREX INC.	TIS 100%	Leading company in mainstay BPO field. Began global BPO services in October 2013. Became wholly owned subsidiary in March 2015. Efforts to centralize Group's BPO operations at AGREX still in progress.

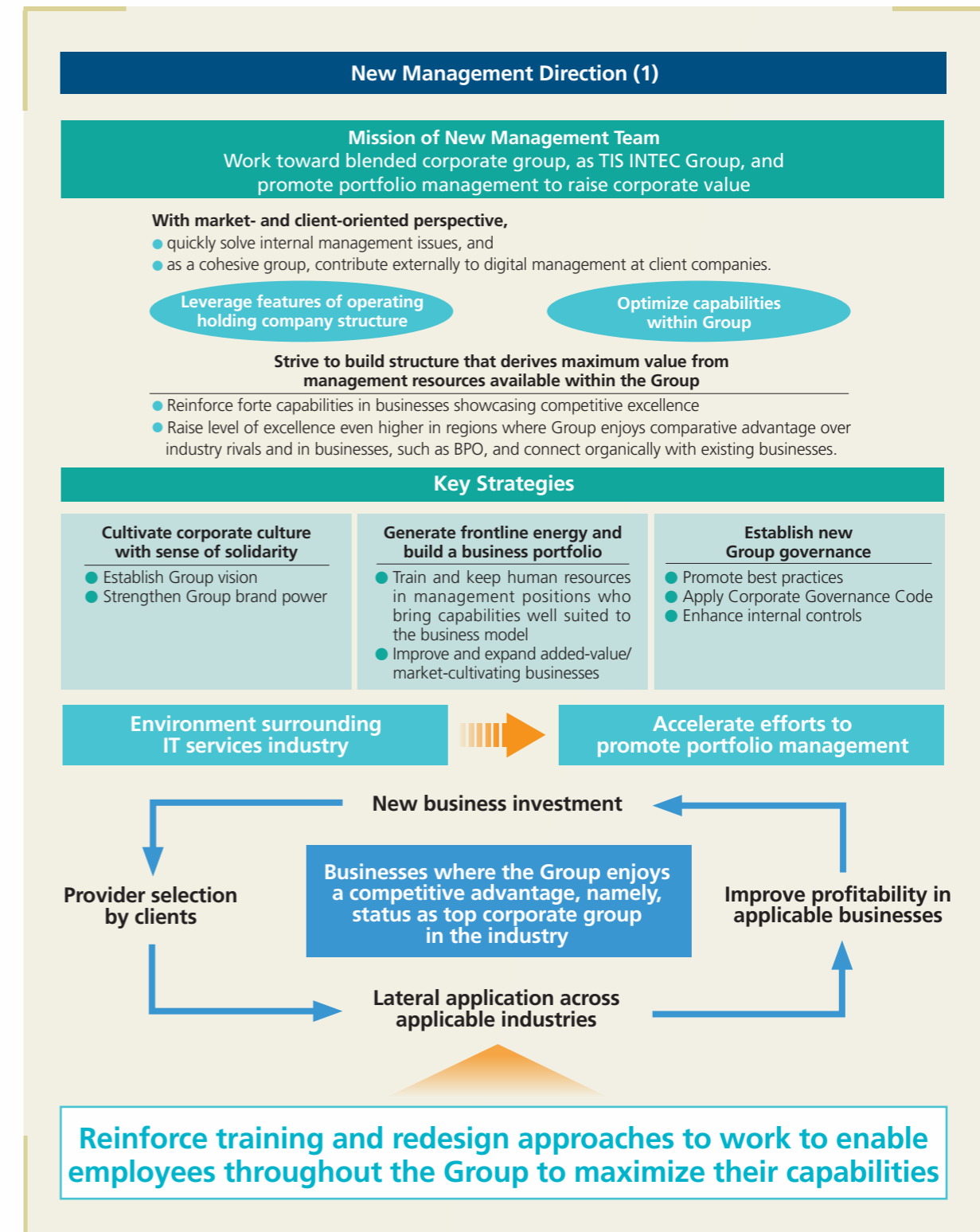
Q3. New management direction and structure

“The Group will build new core competence”

The shift to an operating holding company structure provided an opportunity to reallocate certain operations between TIS and INTEC in April 2016. In business activities related to the national health insurance program, which were transferred to INTEC from TIS, INTEC was already responsible for systems in eight prefectures, while TIS handled systems in three prefectures. Joint activities were almost nonexistent. In 2017, system reform is expected at the prefectural level, paralleling integration of the National Health Insurance Organization's central system, so it made good sense to bring business activities related to the national health insurance program together at INTEC, which has expertise in addressing the needs of municipalities and other regional organizations. INTEC will then utilize the Group's 11-prefecture presence to expand business on a national scale.

Meanwhile, business activities related to electric power and gas sectors were transferred to TIS from INTEC. The decision to bring business activities related to electric power and gas sectors under TIS was prompted by a domestic energy industry in deregulation mode and TIS' expertise in this area, highlighted by EneLink, a total solution for the energy industry that covers systems to handle customer care and billing operations, supply-and-demand management, and other aspects of energy provider business administration. Reform of the electric power system led to liberalization of retail sales of electricity in April 2016, which will be followed by liberalization of retail sales of gas in April 2017, and then the unbundling of power production from distribution and transmission at a later date. Given these unfolding reforms, we felt the reallocation of energy-related business activities to TIS from INTEC would facilitate wider support to existing energy providers as well as companies just entering the deregulated market and would also reinforce corporate capabilities.

The July 2016 transition into the TIS INTEC Group is not our destination; it is our starting point. Going forward, we will continue to reorganize business activities and companies under the Group umbrella, as necessary, to create new core competence—strengths that provide our clients with unique value.



Q4. | **What will Group reorganization and integration achieve?**
 “Company with killer contents, first choice of clients at home and abroad”

Amid intensifying competition, the TIS INTEC Group has to expand its portfolio of distinctive, top-class strengths in each business segment—that is, killer content—and be the first choice of clients and business partners at home and abroad.

For example, with the shift toward a cashless society in mind, TIS was quick to debut PAYCIERGE, a retail payment solution. This success underpinned the May 2016 capital and business alliance with QUADRAC Co., Ltd., a company established by a technician who gained recognition for developing FeliCa contactless IC card technology used in a range of applications, including platform technology for Suica smartcard ticketing systems. TIS earned high marks as a potential business partner because of its strength in payment-based services—a strength unquestionably at the top of the domestic industry. Meanwhile, INTEC boasts a high share in systems for regional banks, mostly, and provides total system services to many companies rooted in local communities. The reliability inherent in the know-how that supports such services is an asset that translates into long-term business relationships and more orders as a client-chosen provider.

In addition, we seek to secure new markets beyond providing support to Japanese companies operating overseas and are working to expand business, especially in China and the ASEAN region. We encourage active investment overseas, favoring partnerships with local companies, simply because local factors, such as culture, social structure, politics and the economy, in each country can significantly affect operations, and our partners have the necessary market insights to ensure a higher degree of success. Through overseas business pursuits, where we showcase Group strengths, such as payment services, and promote services jointly with leading local companies, we gain access to know-how in certain fields, such as the mobile communication business, more advanced than in Japan. This know-how can then be utilized in Japan as a new Group strength. We are keen to realize this positive circle of business growth.

Human Resources Training, Social Role of the Group, Future Ideal

Q5. | **Human resources that the TIS INTEC Group needs for the future**
 “Each and every employee will grow and develop as a true professional”

Diverse human resources are vital to any company. For us, our immediate priority is on system engineers with the ability to properly execute the basic workflow, from determining client requirements to designing the appropriate systems and then possibly operating the systems once live. In recent years, we have also seen greater need for speed in Japan and overseas, paralleling changes in how and where IT is used, which has spurred a trend in services that utilize general-purpose systems. As a result, we also need people who are able to go beyond accurately pinpointing client company requirements. They must demonstrate the ability to make proposals utilizing general-purpose systems and achieve high client satisfaction through the most effective approaches. They must also promote business and act as consultants. All our human resources, however, share a certain quality: professionalism.

This quality serves another purpose: reducing the number of projects that become unprofitable, which is one of the priorities in our medium-term management plan. We have established several measures, but the most important one requires each and every employee to acquire the ability to guide client companies during project stages as on-point professionals.

In developing the skills of our human resources, we will review systems, such as hiring methods, and also increase personnel exchange activities outside the Group, including cooperative efforts with national and university research organizations. In addition, in recent years, we have pursued capital and business alliances with companies at home and abroad, and we will build on this practice. Through these connections, we gain direct access to new ideas that lead to better technologies and capabilities. At the same time, we establish contact points for bringing new people into the Group.

New Management Direction (2)

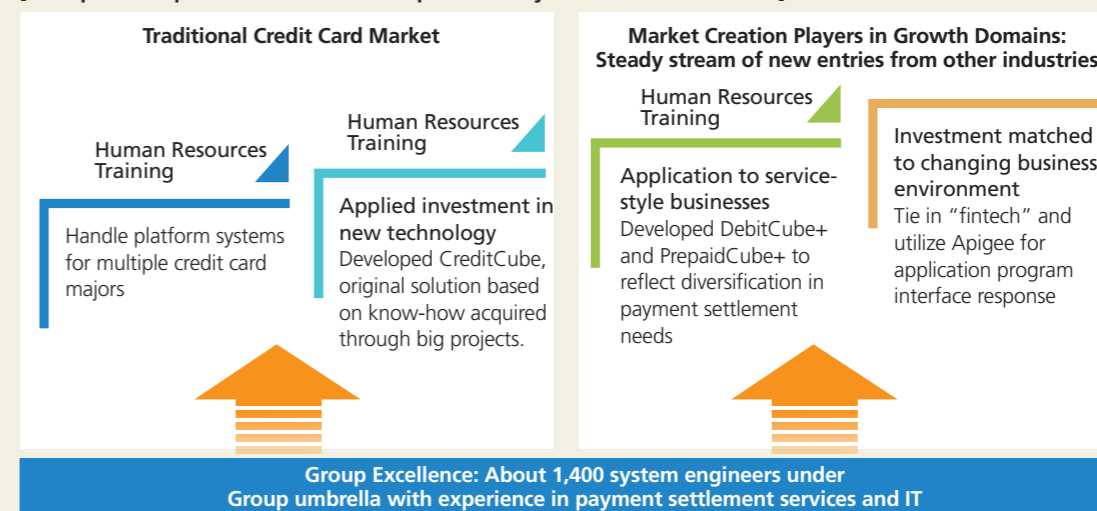
Priority Measures

- 1. Steadily undertake big projects**
Establish corporate risk monitoring structure different from usual to enhance responsiveness. Apply standardized development platform approach.
- 2. Reduce unprofitable projects**
Work at early-stage identification of unprofitable projects through such processes as regular “project health checks.”
- 3. Restructure data center business**
Write off impairment losses, mainly conventional data center assets. Reinforce position as service centers.
- 4. Promote service-style businesses**
Buds of growth steadily appearing, highlighted by EneLink for the energy sector and remote monitoring/preventative maintenance system CareQube
- 5. Promote global businesses**
Accelerate business development with focus on ASEAN local markets through M&A opportunities. Also seek to streamline operations within the Group.
- 6. Get more involved, with focus on field of “fintech”—integrating finance and information technology—IoT and AI**
Promote business development through presence in such fields as online settlement (payment market). Establish corporate venture capital system that facilitates fast, strategic investment activity, and offer new forms of added-value through business synergy with venture firms.

From a groupwide perspective, we will encourage investment in growth markets to enhance capabilities in areas of competitive excellence. We will also strive to improve human resources training and create a more comfortable workplace environment so that employees—the source of the Group’s competitive excellence—are able to fully demonstrate their abilities. Of note, a topic of particular social importance is to get women more involved in the workplace, and toward this end, the TIS INTEC Group will promote measures, under the leadership of top management, including skill development, career formation and a review of workstyles.

For example, the TIS INTEC Group is one of Japan’s leading system integrators in the area of settlement operations, particularly the credit card business. Going forward, the Group will adhere to strategies aimed at developing human resources and executing investments matched to market changes, and will strive to maintain and further enhance its reputation for excellence.

[Example: Perception of Business Development in Payment Settlement Sector]



Q6. | **New management structure**
 “We will strive to boost the corporate value of the Group”

The new management structure at TIS highlights two points. The first is Group management utilizing an operating holding company structure, with strategies geared toward optimized allocation of resources within the Group and enhanced cooperation across business segments. The second is to reinforce the monitoring function of the Board of Directors—a step that includes the appointment of a third outside director, up from two—and a deeper level of corporate governance. Also, as part of our efforts to strengthen corporate governance, we will provide outside directors and non-executive directors with more details on agenda topics before Board of Directors’ meetings and encourage greater activity at these meeting through lively discussion.

Q7. | **Social Role of TIS INTEC Group and Future Ideal**
 “We will help people achieve more fulfilling lives.”

I got my first real job in 1976. In all the years since then, new industries have appeared in line with the times, and mature industries have undergone realignment. Such changes are imminent in the IT services industry, as well, as and I see a trend beginning toward realignment in the markets of Asia that involve Japanese companies as well as overseas companies. A priority theme for management at the reinvigorated TIS, which includes me, and by extension the companies under the TIS INTEC Group umbrella, is to chart a specific course that establishes the Group as the leader of industry realignment and ensures the Group remains a viable force in providing IT services throughout Asia.

Technological innovation using IT makes life and work less effort-intensive, more efficient and brings about greater convenience. At the same time, IT presents new ways to deal with various social issues. For example, Elvez, Inc., in which TIS took an equity position in March 2016, is developing order-taking AI, a voice-activated technology that responds to the needs of the elderly. An important mission for IT service providers these days is to apply IT to solutions that address challenges caused by a low birthrate and the graying of society in Japan. IT has also become an indispensable tool enabling people to opt for different lifestyles, facilitated by approaches to promote diversity, including greater involvement of women in the workplace, and also in achieving a positive work-life balance.

Lifestyles and social issues change along with times. The places where people live change, too, whether that is Japan or overseas or even, one day, outer space. But regardless of the times, our goal is for the TIS INTEC Group to endure and play an ongoing part through the provision of multifaceted IT services that, ultimately, help people achieve more fulfilling lives.

We will combine the expertise of all Group executives, push ahead on business activities, and raise corporate value to new heights. On behalf of the entire TIS INTEC Group, I ask for the continued support of shareholders and investors.



The TIS INTEC Group will chart a specific course that establishes the Group as the leader of industry realignment and ensure the Group remains a viable force in providing IT services throughout Asia.

New Management Direction (3)

The new management team, led by Toru Kuwano, TIS president, promotes multifaceted measures designed to raise the corporate value of the Group.

Noteworthy Features of New Management Structure

(1) Group management leveraging benefits of operating holding company structure

- Optimum placement of human resources within the Group
- Stronger cooperation between business segments

(2) Enhanced corporate governance

- Better monitoring capabilities for the Board of Directors
- Increase number of outside Audit & Supervisory Board members to three, from two

New Representative

- **Representative Director and President: Toru Kuwano**
 (Date of appointment: June 24, 2016)

New Management Structure

- **10-director structure (includes three external directors)**
- **5-member structure for Audit & Supervisory Board (includes three external members)**

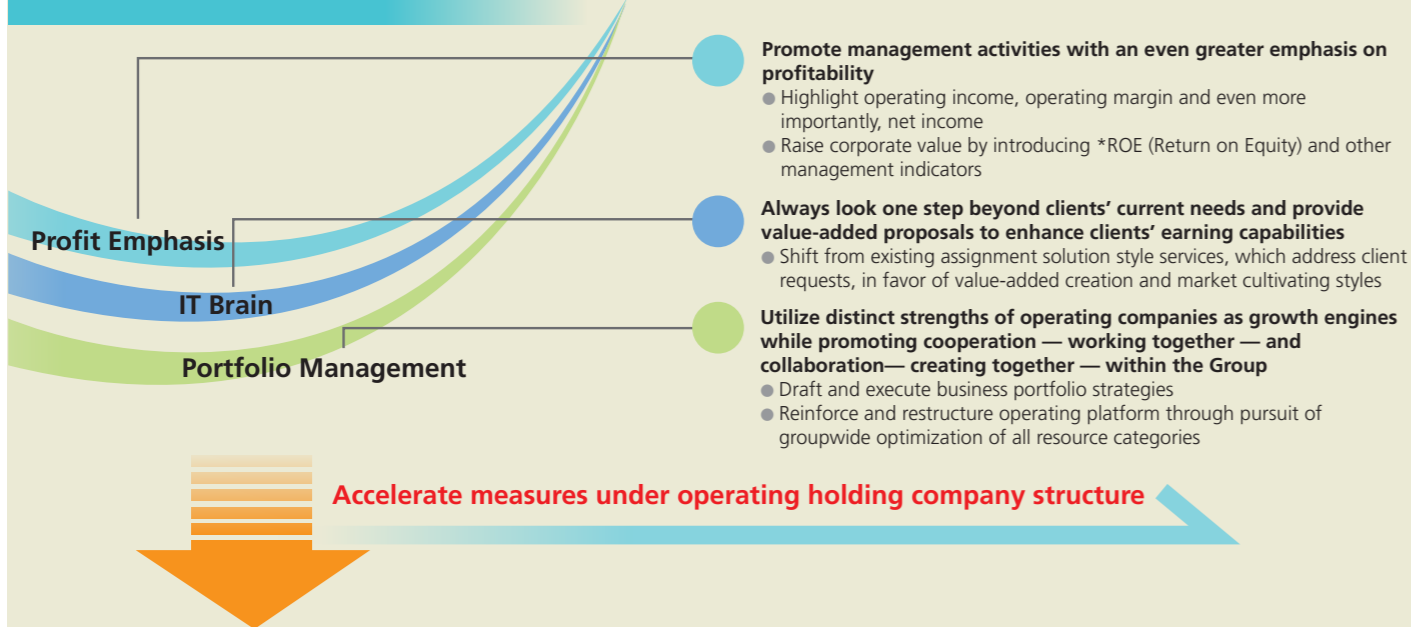
TIS Inc.

Board of Directors and Audit & Supervisory Board Members

Chairman:	Norio Maenishi	Standing Audit & Supervisory Board Member:	Takuho Shimodaira
President:	Toru Kuwano	Standing Audit & Supervisory Board Member:	Katsuhiko Ishii
Representative Director:	Mitsushi Nishida	External Audit & Supervisory Board Member:	Taigi Ito
Director and Managing Executive Officer:	Josaku Yanai	External Audit & Supervisory Board Member:	Muneaki Ueda
Director:	Katsuki Kanaoka	External Audit & Supervisory Board Member:	Sadahei Funakoshi
Director:	Shigeki Kusaka		
Director:	Yoshiyuki Suzuki		
External Director:	Shingo Oda		
External Director:	Yoshinobu Ishigaki		
External Director:	Koichi Sano		

Third Medium-Term Management Plan "Beyond Borders 2017" (Fiscal 2016 – Fiscal 2018)

Three Basic Concepts



Going Forward— Key Points from Fiscal 2016

- Ensure total commitment to profitability focus (Work toward ROE of 8%)
- Optimize overall Group capabilities, utilizing operating holding company structure
- Expand value-added business
- Sort out business portfolio
- Develop and attract human resources suited to business model

In April 2015, the TIS INTEC Group embarked on "Beyond Borders 2017," a three-year medium-term management plan running through March 2018. Under this plan, the Group is rolling out strategies highlighting three basic concepts: emphasis on profitability, IT brain—essentially, expanding range of value-added businesses—and portfolio management.

Portfolio management is in a particularly bright spotlight on the medium-term management plan stage, and our goal is overall optimization as a group with outstanding businesses and strengths demonstrating market superiority reflecting the distinctive features of each Group company. The recent transition to an operating holding company structure is part of this process.

Emphasize ROE as a key performance indicator, strive to boost corporate value, and realize sustainable growth.

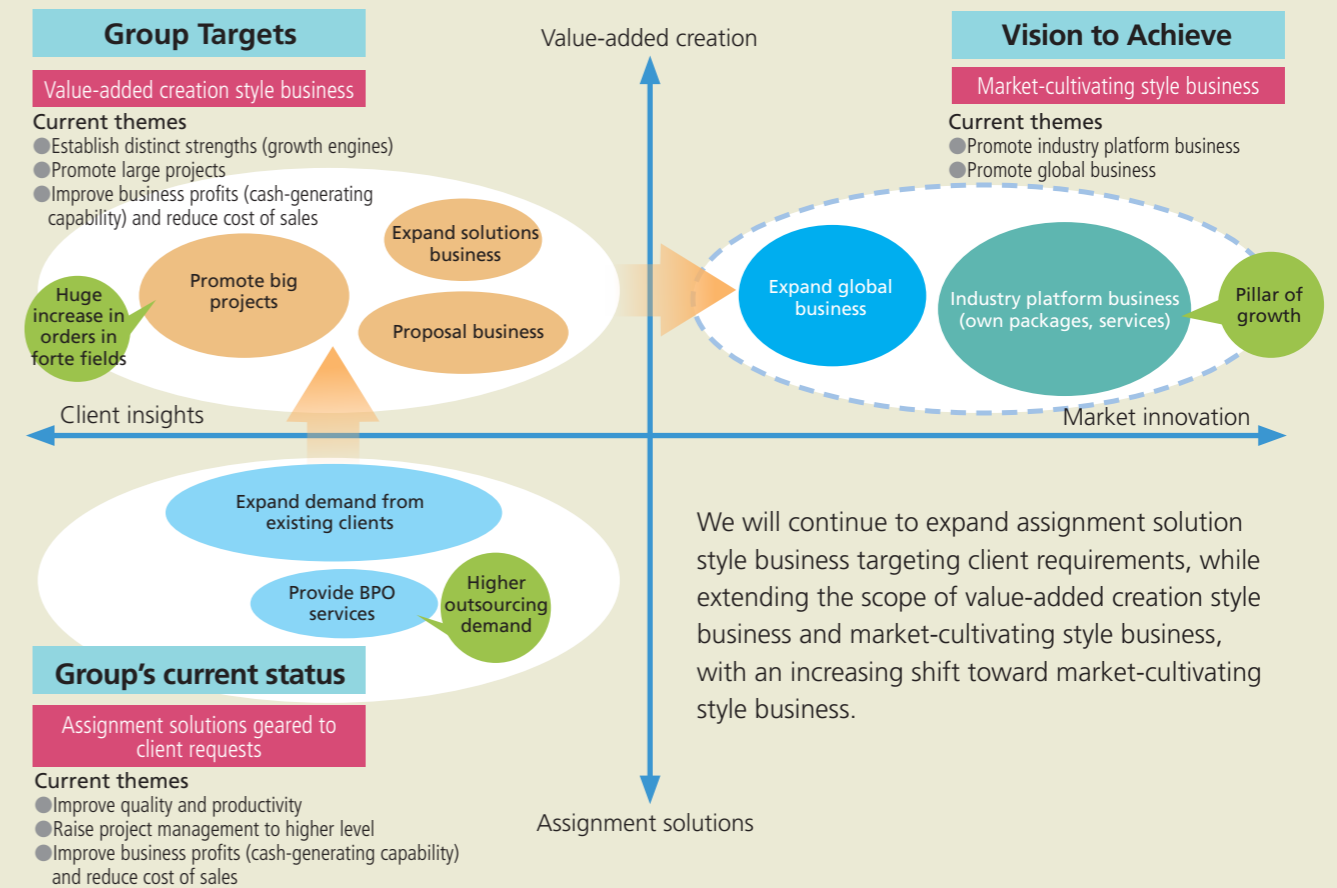
Initial Numerical Targets

(Billions of yen, consolidated)	Fiscal 2015	Fiscal 2016 Target	Fiscal 2017 Target	Fiscal 2018 Target
Net sales	361.0	370.0	385.0	400.0
Operating income	21.1	23.5	27.0	30.0
Net income	10.2	12.8	14.0	16.0
Operating margin	5.9%	6.4%	7.0%	7.5%
Net income ratio	2.8%	3.5%	3.6%	4.0%
ROE	6.0%			8.0%

TIS is targeting an ROE of at least 10% by March 31, 2021.

"Beyond Borders" evokes the idea of going beyond perceived barriers between companies and business structures to achieve cooperation and collaboration, to transform the current business model, to shift from a domestic perspective to a global view, and to see each and every employee within the Group transcend their own boundaries.

Direction TIS INTEC Group Intends to Travel

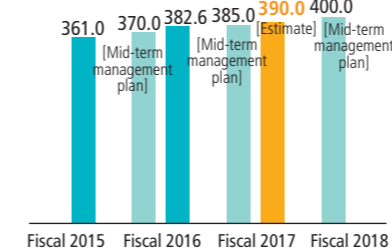


Third Medium-term Management Plan: Status of Key Performance Indicators

(Billions of yen, consolidated)

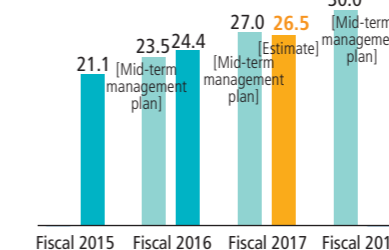
Net sales

Progress trending above target in medium-term management plan. Prospects good for reaching fiscal 2018 target.



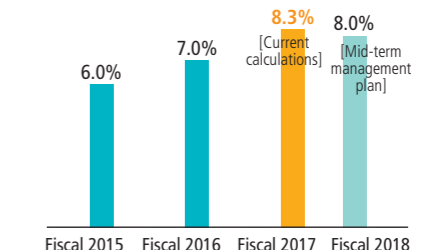
Operating income

Fiscal 2016 result surpassed target. Fiscal 2017 result may come in slightly below target, owing to increased burden from selling, general and administrative expenses paralleling revision of tax law. Progress will get back on track in fiscal 2018 toward ¥30 billion medium-term target.



ROE

Improved, paralleling higher performance results. By current calculations, could reach medium-term target of 8.0% by fiscal 2017, a year ahead of schedule.



These pages offer a look at the content and status of key segments in the TIS INTEC Group and overseas-oriented business strategies.

* Net sales include inter-segment sales.

IT Infrastructure Services

Main business activities

The segment provides computer utility, that is, operation services, under in-house control through the use of large IT facilities such as data centers.

Fiscal 2016

Net sales	¥125,929 million (Up 6.5% year-on-year)
Operating income	¥8,924 million (Up 24.3% year-on-year)

Fiscal 2016 Summary

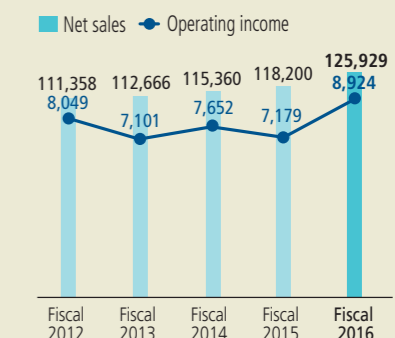
Segment sales rose 6.5% year-on-year, to ¥125,929 million, and operating income climbed 24.3%, to ¥8,924 million. Key factors in higher sales were steady growth in the data center and BPO businesses as well as the revenue contribution from two BPO companies that were turned into subsidiaries in the first half of fiscal 2016. Operating income benefited mainly from the higher sales starting point as well as lower costs, including a decrease in depreciation expenses paralleling impairment losses on conventional data center assets, which offset downside factors such as lower profitability on separate projects and the impact of projects of reduced size among some existing clients.

Measures in Fiscal 2017

Efforts will be directed toward restructuring the data center business, including efforts to respond flexibly to fast-paced changes in the business environment such as wider use of cloud services, and reinforce the position of data centers as service centers. In the BPO business, the emphasis will be on expansion, including business concentration within the Group, to capitalize on sustained growth in demand for outsourcing that contributes to enhanced corporate management.

Sales and Operating Income

(Millions of yen)



Financial IT Services

Main business activities

The segment applies finance-specific business know-how and IT to support the shift toward greater use of IT in business operations and the execution of business activities drawing on the power of IT.

Fiscal 2016

Net sales	¥79,519 million (No change year-on-year)
Operating income	¥3,361 million (Down 39.4% year-on-year)

Fiscal 2016 Summary

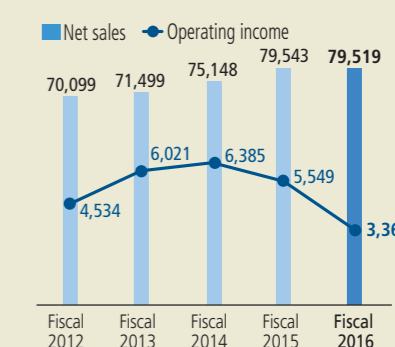
Segment sales reached ¥79,519 million—on a par with the level in fiscal 2015—while operating income retreated 39.4%, to ¥3,361 million. While IT investment by clients expanded overall, maintaining brisk demand for financial IT services, the potential for an increase in sales was tempered by reduced IT spending among some existing clients. Operating income was adversely affected by the drop in segment sales and further eroded by the impact of unprofitable projects.

Measures in Fiscal 2017

Efforts will focus on steady execution of large projects for businesses using credit cards, a demand sector where IT investment is at a high level, especially to update core systems. For clients in the banking and insurance sectors, Financial IT Services will accurately respond to existing demand and also strengthen its response to new IT investment needs, such as fintech, which will fuel reforms in business and service content.

Sales and Operating Income

(Millions of yen)



Industrial IT Services

Main business activities

The segment applies business know-how and IT targeting the public sector and companies in industries other than finance to support clients in their efforts to make greater use of IT in business operations and execute business activities drawing on the power of IT.

Fiscal 2016

Net sales	¥180,000 million (Up 8.2% year-on-year)
Operating income	¥9,972 million (Up 41.5% year-on-year)

Fiscal 2016 Summary

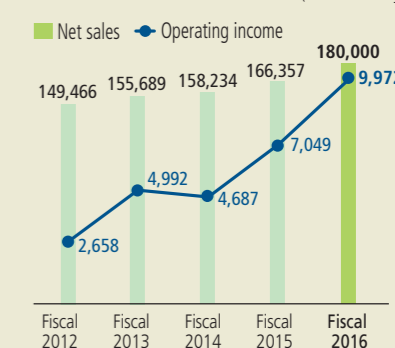
Segment sales grew 8.2%, to ¥180,000 million, and operating income soared 41.5%, to ¥9,972 million. The improvement in sales reflects a positive shift, especially in the energy sector where robust IT investment activity parallels electric power system reform in Japan. The significant change in operating income is primarily due to the higher sales starting point and successful efforts to boost profitability.

Measures in Fiscal 2017

Companies will likely continue to expand front-office IT investment to sharpen competitiveness, especially in marketing-related activities. Against this backdrop, Industrial IT Services will respond to existing demand while also strengthening efforts to respond to clients who are increasingly keen on digital management, such as IoT and AI. The segment will actively promote services to utilities, especially energy providers, as demand is expected to grow with brisk IT investment paralleling deregulation of gas and electric power sales.

Sales and Operating Income

(Millions of yen)



Global Business

Three Pillars of Global Development

The Group's global development is supported by three pillars: local support for existing clients entering one or more countries; cultivation of local IT markets where know-how accumulated in Japan can be put to use; and domestic application of leading-edge technologies sourced abroad and turned into new business strengths. The Group's overseas activities kicked off in China and have since expanded to the ASEAN region where its capabilities are leveraged by a three-point presence—Thailand, Singapore and Vietnam—mainly through representative offices. In recent years, our approach has diversified, drawing on business and capital alliances with local companies, and thereby accelerating lateral expansion through the ASEAN region.

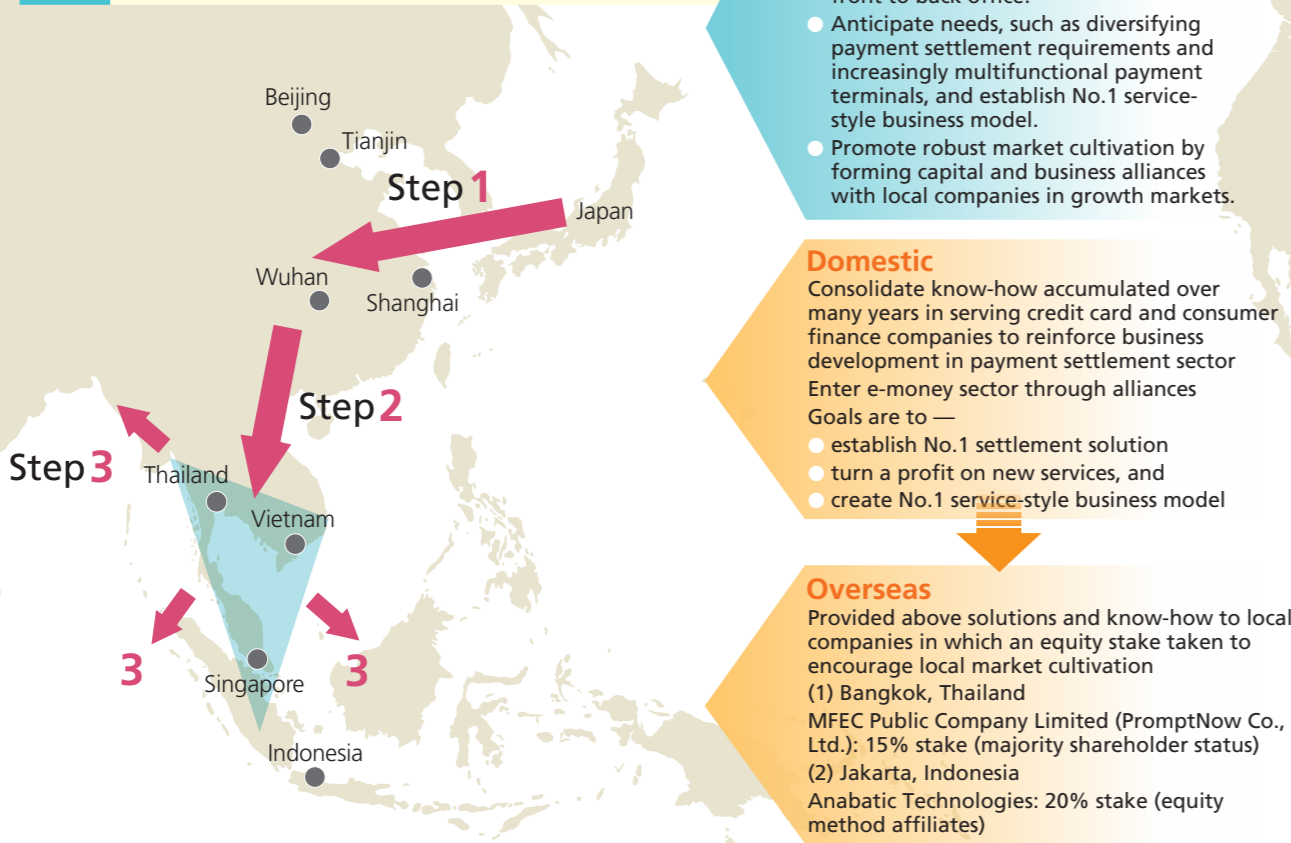
Enhance Activity Through Business and Capital Alliances in ASEAN Region

In 2014, then ITHD-subsiary TIS formed a capital and business alliance with MFEC Public Company, a major local provider of system integration services in Thailand, and turned I AM Consulting, a top-class SAP consulting firm in Thailand into a consolidated subsidiary. In 2015, the company formed a capital and business alliance with PT. Anabatic Technologies, a major system integrator in Indonesia. The 2016 investment in PromptNow Co., Ltd., which subsequently became a consolidated subsidiary, is another example of efforts to enhance our presence in the ASEAN region. Going forward, the revitalized TIS will resourcefully promote joint strategies with promising partners to build a solid business presence in the ASEAN region.

Overseas sales ratio

Currently, about 1%. Seek to boost the ratio.

Step 1	Kicked off in China
Step 2	Established three-point presence—Thailand, Singapore and Vietnam
Step 3	Accelerate expansion/lateral development in ASEAN region through business and capital alliances



Major Steps in the TIS INTEC Group's Expansion Overseas

Step 1	Expansion into China
1990s	Initiated overseas expansion primarily through establishment of local offices as offshore development sites.
February 2008	Begin expanding network by shifting presence from offshore development approach to points of business ● Established Tianjin TIS Hi-Tech Information System Service Co., Ltd.
April 2010	● Full-scale start of operations at Tianjin Data Center.
March 2012	● Tianjin TIS Hi-Tech Information System Service formed business alliance with ChinaCache International Holdings Ltd., a leading provider of content delivery network (CDN) services in China.
Step 2	Establish three-point ASEAN presence hinging on Thailand, Singapore and Vietnam
January 2012	● TISI Singapore Pte. Ltd. established.
February 2012	● INTEC SYSTEMS BANGKOK CO., LTD, established.
March 2013	● QUALICA ASIA PACIFIC PTE., LTD, hired more staff and reinforced local support structure.
Step 3	Accelerate expansion/lateral development in ASEAN region through business and capital alliances
October 2013	● AGREX established a joint venture, F-AGREX GLOBAL Co., Ltd., with FPT Software Company in Vietnam → Launched global BPO business
December 2013	● TIS formed a capital and business alliance with econtext ASIA Limited, a Digital Garage subsidiary → Jointly promoting solutions to e-commerce businesses in Asia
April 2014	● TIS formed a business alliance with PT Soltius Indonesia, top-class SAP vendor in Indonesia → Strengthen SAP support services offered locally to Japanese companies operating in Indonesia ● TIS formed a capital and business alliance with MFEC Public Company Limited, a Bangkok-listed leader in IT solutions for corporate clients → Mutually complement strengths and promote and expand business opportunities for each other in the IT markets of the ASEAN region and in Thailand, where growth is noticeably robust.
June 2014	● TIS turned Thai company I AM Consulting Co., Ltd., boasting top-class results as a total solution provider for SAP, into a consolidated subsidiary. → Seek to expand business opportunities with local companies as well as Japanese companies operating in Thailand.
June 2015	● INTEC formed a business alliance with PT. Bisnis Integrasi Global, a system integrator in Indonesia. → Will jointly pursue steps to expand the service lineup for Japanese companies operating locally and strengthen support for these clients while also offering solutions and services to local companies.
July 2015	● AGREX established AGREX (Thailand) Co., Ltd. (I-AGREX (Thailand) succeeded the company's business.) ● TIS formed a capital and business alliance with PT. Anabatic Technologies, an IT company listed on the Indonesia Stock Exchange. → Jointly launched SI services to Japanese companies operating locally and to locally based companies.
May 2016	● PromptNow Co., Ltd., the leader in mobile application development for financial institutions in Thailand, brought into TIS INTEC Group as consolidated subsidiary. → Will utilize reciprocal strengths to expand settlement business in Thailand, where significant growth is expected.



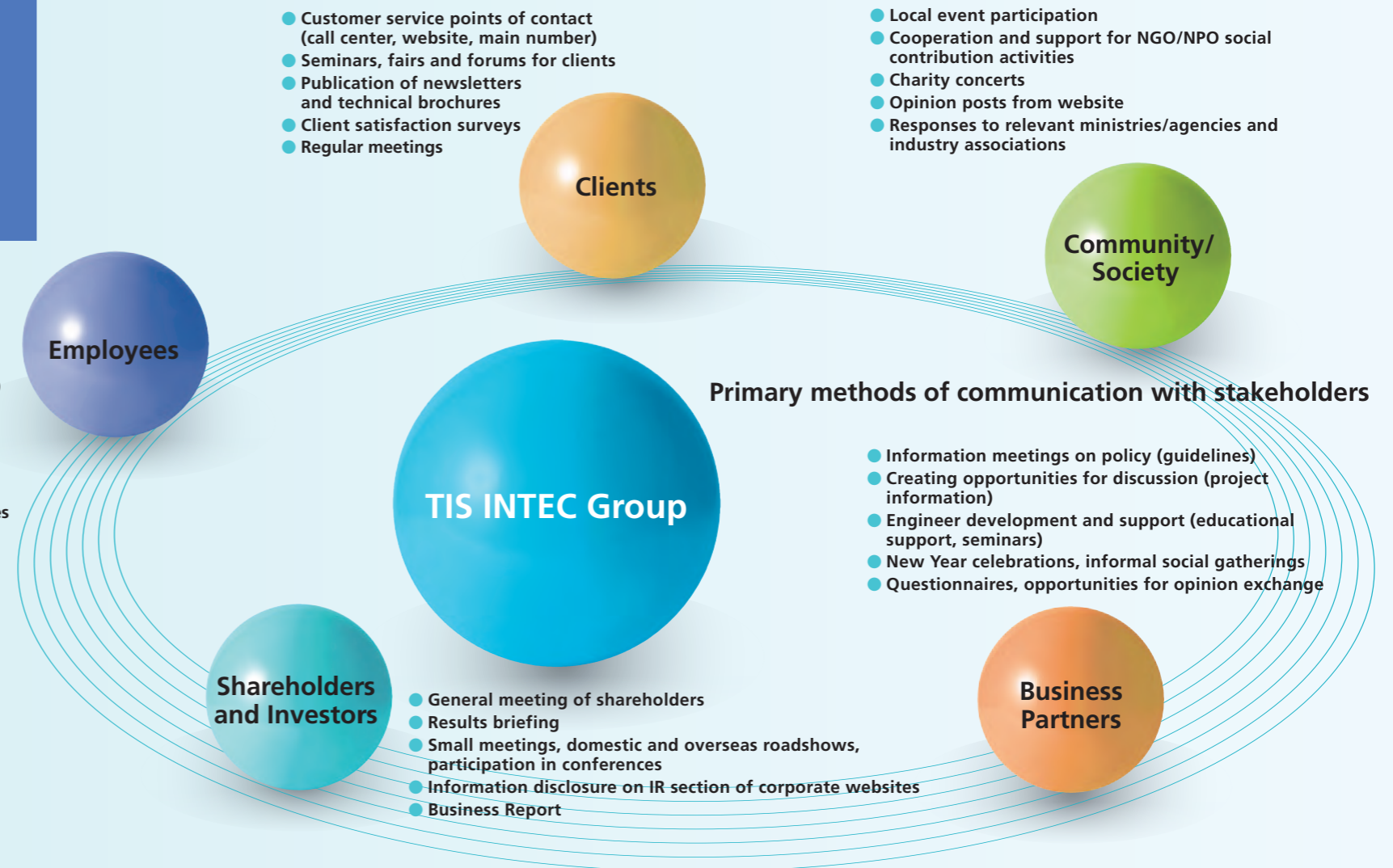
TIS INTEC Group's Platform for Supporting Corporate Value Process

Communication with TIS INTEC Group's stakeholders is a what supports improvement in corporate value. Consideration for the environment along with efforts in quality control and R&D are also essential for the business of information systems—a key social infrastructure—to function in harmony with society and steadily evolve. With this in mind, we strive to enhance corporate governance and internal controls, which form a vital cornerstone of business activities within the Group.

| Platform that supports value creation process |

Communication with Stakeholders

The TIS INTEC Group strives to build bonds of trust through communication with all stakeholders, including clients, employees, shareholders and investors, and business partners, and to boost corporate value.



Contents

Communication with Stakeholders	26
Contributing to Global Environment	31
Quality Control	32
Research and Development	33
Corporate Governance	35

| Platform that supports value creation process |

Communication with Stakeholders—Employees

Create environment in which each and every employee can fully demonstrate respective capabilities

For the TIS INTEC Group, the cornerstone of business, from an administrative perspective, is none other than employees—each and every one. We strive to maintain an environment that facilitates diverse approaches to work, which enables employees to feel they are contributing to society through their jobs and thus encourages personal pride and fuels motivation. Through the Third Medium-Term Management Plan, we will emphasize the key measures described below as pursuits common groupwide.

Key Measure	Content
Encourage women to seek management positions	Address national policies, including law aimed at promoting role of women in the workplace, and promote diversity in hiring.
Utilize human resources and upgrade skills	Consider utilization and training of employees from groupwide perspective to achieve sharper business edge at all Group companies.
Promote hiring of disabled persons	Achieve mandated 2.0% ratio as quickly as possible and maintain it, and develop further steps to promote hiring.
Address aging of workforce	Address issue of shrinking working-age population that parallels falling birthrate and rising number of seniors in society as well as associated increase in age composition of employees, and promote continuous recruitment activities and establishment of appropriate personnel system matched to employee age composition.
Create comfortable work environment where employees feel appreciated	Create structure for comfortable workplace by boosting the acquisition rate of paid holiday time (goal at each company is rate above 80%) and trimming overtime work (goal to keep overtime under 20 hours at each company).
Cultivate sense of unity groupwide	Implement programs that cut laterally across the Group, highlighting “management,” “global,” “services” and “technology,” to cultivate united perspective and to reinforce the skills of human resources.
Collect/organize human resources information	Realign functions within the Group and, as a strategy for job mobility, collect and organize human resources information, not only basic personnel data but also skills, and share the information.

We realize that sustainable growth requires multifaceted perspectives and value perceptions, based on different experience, skills and attributes, and we will strive to ensure diversity in human resources, including efforts to encourage women to take on positions with more responsibility. Getting women to be more active members of the workforce is an issue of particular importance in Japan these days, and the ratio of women in management positions at the five principal companies under the TIS INTEC Group umbrella averages around 6%. We recognize the pressing need to establish and maintain structures and a work environment that enable female employees to demonstrate even greater potential. Under the leadership of top management, we will promote measures throughout the Group toward this end, emphasizing skill development, career formation and consideration of various workstyles.

Activities at Principal Group Companies to Promote Greater Involvement of Women in the Workplace

In April 2016, the Act Concerning the Promotion of Women’s Career Activities came into force in Japan, obligating employers to formulate a plan of action with specific details on duration, targets, measures and schedule, to submit this action plan to the relevant government office and to make the content publicly available. Against this backdrop, 10 principal companies* in the TIS INTEC Group began a process of discussions. A summary of the plans formulated by five of these companies is presented below.

Note: Companies with 301 or more regular employees are required to formulate an action plan for promoting women to leadership positions, to submit the plan to the relevant government office, and to publicly disclose the content of the plan. There are 10 companies in the TIS INTEC Group subject to the new legislation: TIS, INTEC, AGREX, QUALICA, AIS, Chuo System, TIS Solution Link, TIS System Service, INTEC Solution Power and KOUISHI INTEC.

Company Name	Plan Duration (Years)	Plan Targets	Measures
TIS	4	<ul style="list-style-type: none"> Ratio of women in management positions: 10% (186 women) Ratio of women promoted to manager level: 17% on average Ratio of women taking training courses prior to promotion to manager salary level: More than 20% 	<ul style="list-style-type: none"> Set promotion ratio target for women in each fiscal year of the four-year action plan Set quota for women participating in training courses prior to promotion to manager salary level Provide training for women with potential to become managers through enhanced career education for women
INTEC	5	<ul style="list-style-type: none"> Ratio of women in management positions: More than 7% 	<ul style="list-style-type: none"> Hold meetings that cross division or section boundaries to exchange information Talk with employees before and after they return to work from leaves of absence Set medium- and long-term goals for young female employees and expand content of discussions
AGREX	2 *5-year target	<ul style="list-style-type: none"> Ratio of women in management positions: More than 20%* Motivate women to seek promotions and encourage supervisors to acknowledge potential (Goal to train 60 women for management positions) 	<ul style="list-style-type: none"> Establish project to promote greater involvement of women in the workplace Roll out programs that raise awareness about greater involvement of women in the workplace Utilize employees with time constraints in management positions
QUALICA	5	<ul style="list-style-type: none"> Ratio of women among recently graduated newly hired employees: More than 30% Ratio of female employees: More than 20% Ratio of women in management positions: More than 8.5% (15 women) 	<ul style="list-style-type: none"> Enhance disclosure of information to female students Support career advancement and network creation for female employees Create comfortable working environment and offer human resources management training to supervisors
AIS	5	<ul style="list-style-type: none"> Encourage female employees to pursue management positions Ratio of women taking promotion-oriented training in preparation for a management position: Up 10% 	<ul style="list-style-type: none"> Initiate project to promote greater involvement of women in the workplace Implement various programs to cultivate perception conducive to greater involvement of women in the workplace Make content of promotion requirements course (at Globis University) widely known and encourage women to take the course

To provide an environment in which employees can fully demonstrate their capabilities and stay on a career path with confidence and no work/life balance concerns, companies within the TIS INTEC Group have each reviewed respective employee vacation and leave of absence structures as well as childcare support programs, such as daycare access, and efforts to retain Kurumin certification, which is awarded in recognition of measures to provide childcare support to employees.

Major Activities

Noteworthy pursuits undertaken at Group companies are presented below.

- 1. Work/life balance, diversity (includes promoting role of women in the workplace)**
 - Promoting better structures for work at home and shorter working hours (expand number of hours possible, extend period of applicability)
 - Promoting reduction in overtime through no overtime days and other approaches
 - Encouraging employees to take allocated annual paid leave
 - Special paid leave categories, including refreshment leave, convalescent leave following injury or illness, and childcare/nursing care leave
 - Visit-the-office opportunities for families
 - Morning flextime work structure with 9am-11am core time
 - Program for return to work after maternity leave
 - Office-based daycare facilities for children of employees
 - Committee set up to explore the issue of creating a corporate culture in which women feel empowered to work
 - Promoting projects aimed at improving the work environment
 - Promoting “Thin Office” to raise administrative efficiency
 - Acquired “Kurumin” mark from Ministry of Health, Labour and Welfare in Japan for efforts supporting development of the next generation
 - Information exchange opportunities for women on childcare leave (includes other employees on leave as well)
- 2. Training and utilization of human resources, and fair evaluation and treatment**
 - Talent management to systematically execute such processes as hiring, assignment, skill development and performance evaluation
 - System to invite applications for job openings in-house, a system that allows individuals to apply for preferred positions, a system to monitor goals determined through discussions with superiors once every six months on job-related goals, a specialist system (type of multi-track personnel system tapping people with specialized know-how for suitable positions), and a non-territorial office (where employees do not have their own desks)
 - Occupation-specific courses, e-learning, correspondence education and other training opportunities
 - President’s award program for employees (recognizing noteworthy individuals, projects and activities)
 - Evaluation training to ensure that evaluations are fair and equitable
 - Debuted “coming home” system that enables retired employees to return to work
 - Incentive awards and financial assistance to help employees acquire new qualifications
- 3. Health management, other programs**
 - Consultation point for physical and mental health questions, and mental stress checks
 - “Pink Vouchers” available through the TIS INTEC Group Health Insurance Association to offset some of the costs incurred to refresh the body and mind
 - Employee awareness surveys and human rights education

Topics.

POSITIVE ACTION Promotes Involvement of Women

In 2013, TIS set up a voluntary team—POSITIVE ACTION—with key participation from female employees. Specific activities based on activity suggestions from this team have been implemented to enhance the workplace environment, including steps to encourage female employees to pursue career options with more responsibility. For the action plan that runs from April 2016 to April 2020, we aim to push the ratio of women in management positions above 10%—up from 7.4% as of July 2016—and are promoting several initiatives, including the establishment of a target for the ratio of women in senior management positions, career training for women, and support for women pursuing career advancement.

Providing Employment Opportunities to the Disabled

Through SorunPure Inc, a special subsidiary, the TIS INTEC Group supports the creation of work environments where as many disabled people as possible can find employment. As of August 2016, SorunPure had a staff of 64, including seven guides, who undertake office management services, and helping employees maintain good health (in-house physiotherapist), at the Tokyo headquarters, the Osaka office, the Nagoya office and the Matsumoto office. As of June 2016, the TIS INTEC Group had achieved a disabled employee ratio of 1.95%, based on 388.0 disabled persons at 11 companies, including TIS, SorunPure and specially recognized companies.

| Platform that supports value creation process |

Communication with Stakeholders—Shareholders

Fast, fair and impartial information disclosure

We provide performance results and the latest news on our business activities to analysts as well as institutional and individual investors through events, such as information meetings, the production of pamphlets and other materials, and also in the investor relations section of the TIS website.

IR Events in Fiscal 2016	Frequency	Content
Results briefings for analysts and institutional investors	4 times	Quarterly briefings
Small meetings for analysts and institutional investors	215 times	Provide IR-oriented information for analysts and institutional investors. Of these meetings, 45 were for overseas investors. Total coverage: 306 companies (388 people)
Overseas roadshow	1 time	President, director responsible for overseas IR and other members of senior management met with shareholders and investors in Europe
IR conference	1 time	Participated in conference organized by securities firm in Tokyo
Production of materials for individual investors	2 times	Issued "Business Report"

TIS' IR Activities Recognized with Awards from External Organizations

At TIS, we believe that timely and objective information disclosure to shareholders and investors is an important obligation that any listed company must fulfill. Therefore, we strive to enrich our IR activities and improve the content and function of the IR pages of our website. The success of our efforts is substantiated in part by the following awards.

Award for Excellence in Corporate Disclosure, Fiscal 2015 (21st annual presentation) (The Securities Analysts Association of Japan)

Placed third in the computer software category and also received letter of commendation as one of six companies recognized for outstanding improvement in disclosure practices.

2015 Internet IR Commendation Award (Daiwa Investor Relations Co., Ltd.)

Marked third consecutive year, following wins in 2013 and 2014, with award for excellence.

Fiscal 2015 Homepage Quality Ranking Survey of All Listed Companies (Nikko Investor Relations Co., Ltd.)

Received highest award in comprehensive ranking. Moved up from fiscal 2014 ranking as excellent website.

Gomez IR Site Comprehensive Ranking 2015 (Morningstar Japan K.K.)

Recognized as company with excellent website, and captured bronze medal.



<http://www.tis.com/ir/>



| Platform that supports value creation process |

Communication with Stakeholders—With Community/Society

Through activities involving all Group companies

As a corporate group, we participate in various volunteer activities, from Smile Kids Camp to the Ecocap Movement—collection of plastic bottle caps— and support for blood drives supervised by the Japan Red Cross.

Activity Case Study

Smile Kids Camp—Supporting Seriously Ill and Disabled Children and Their Families

Smile Kids Camp is an annual event for seriously ill and disabled children and their families. It is a traveling event, under the TIS banner, that is planned and executed by a committee of volunteers from the Company. The 17th Smile Kids Camp was held in Saku, Nagano Prefecture, September 17-19, 2016, and drew together a crowd of 112 people: 27 families—a total of 206 children and family members—and 94 volunteers, mostly from TIS and other TIS INTEC Group companies.

Two volunteers were assigned to each child with special needs, and various programs were organized so that the children, first and foremost, but also brothers, sisters and parents could enjoy different activities. This was an opportunity for everyone—employees, children with special needs and their families, and other children and their families in similar circumstance—to transcend the typical challenges associated with sickness and disability. The event earned compliments from participants, exemplified by a comment from one family that Smile Kids Camp "was a really wonderful activity that enabled the children to experience a whole new world." Many families said "the event was fun, pure and simple," and they are keen to be invited again. From the volunteer side, one employee revealed that "as a first-time volunteer, there were challenges, but connecting with these kids was fun and more than offset the difficulties." Another employee said the event "inspired me myself, and I'd love to participate next year and see the families again."

Smile Kids Camp is a valuable opportunity for Group employees to understand the real significance of CSR and volunteer activities through support for children with health and disability issues and their families. We plan to hold more events in the future.



The hot-air balloon ride has become the tradition main event. The children feel the excitement of this ride through their whole being.



Children dressed up in costumes of their choosing enjoyed a high-spirited, fun-filled costume party.



Group activities over the three-day, two-night event moved everyone beyond the daily walls of sickness and disability and generated a shared energy that powers the potential of a happy and healthy tomorrow.

The TIS INTEC Group is involved in various activities that bring employees together with local communities. These include musical performances by the TIS's *Gakuyukai* (Friends of Music Society), and participation in environment-friendly "Future City" projects and the *Asahi no Mori* forest conservation project.

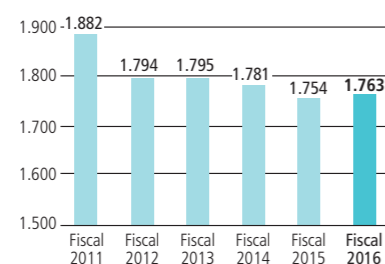
For details, go to <http://www.tis.com/group/csr/>

| Platform that supports value creation process |

Contributing to Global Environment

We actively embrace measures through our business activities to address environmental issues. At our newest data center, we have taken an environment-conscious approach, emphasizing renewable energy and resources and utilize geothermal sources for heating, outside air for cooling, rainwater for uses other than drinking water, and solar power for electricity.

PUE at Data Centers

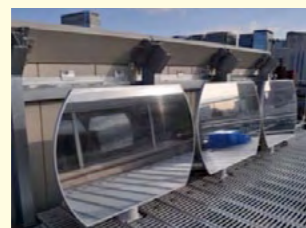


Notes: 1. PUE (Power Usage Effectiveness)=Electric consumption by whole facilities/Electric consumption by facilities related to information technology.
2. Graph data includes amounts recorded by Tokyo 1st/2nd/3rd centers, GDC Gotenya, Nagoya Center, Osaka Center, Shinsaibashi gDC, and Shinsaibashi gDC-EX.

The TIS INTEC Group is taking an environment-conscious approach at offices and data centers, which form the bedrock of corporate activities, by introducing measures to save energy and cut greenhouse gas emissions.

Examples of Environment-Conscious Activities at Data Centers

- Outdoor air for cooling
- Use of geothermal energy
- Use of rainwater
- Use of well water
- Lighting equipment run on solar power
- Green power procurement
- Natural lighting
- LED lighting
- Optimized lighting with motion sensors and ambient light sensors
- High-efficiency equipment
- Rooftop greenery
- Landscaping
- External appearance in harmony with the local surroundings
- Noise-dampening, heat-insulating sashes



Natural light (solar tracking equipment)



Solar power generation monitor



Rooftop greenery

Examples of Environment-Conscious Activities at Offices

- Cool Biz
- Go paperless (monitors set up in meeting rooms)
- Recycle PCs
- Confidential documents are solution-treated by a provider
- Garbage is sorted for disposal
- Participate in eco-cap movement
- Partner in Table for Two program
- Lights turned off in work areas during lunch hour
- Reduced use of lighting (some lights not turned on)
- Uniform air conditioner setting (in principle, "blower")
- Stop running air barrier fans
- Power switched off on machine, such as copiers and shredders, during periods of non-use
- No heating in washrooms, and hot water setting disabled
- Absolutely no vehicle idling
- Water tap frequently closed
- Encourage use of stairs (instead of elevator)
- End over-wrapping
- Encourage employees to use personal thermos bottles, and reusable shopping bags.
- Encourage employees to take vacation days during summer

| Platform that supports value creation process |

Quality Control

The TIS INTEC Group is well aware of the social responsibility inherent in information systems, which underpin social infrastructure, and efforts are constantly directed toward improving the quality of the services provided. We seek to boost productivity, mainly by promoting greater sophistication at the required definition stage and regular use of standard development platforms, while also preventing projects from turning unprofitable, which is a priority under the current medium-term management plan.

We will follow a program of best practices in developing the Group and strive to keep unprofitable projects to between 1.0% and 1.5% of software development sales.

To limit the number of projects that become unprofitable, we will focus on three lines of approach: 1) corporate-level risk management and process optimization; 2) enhanced engineering capabilities; and 3) training for technicians. We will establish and then expand standards from a groupwide perspective and promote application, and follow a program of best practices to ensure success.

Corporate-level risk management and process optimization

- Head office system design x Frontline implementation capabilities = Fewer unprofitable projects (Head office) Will focus on high-risk projects and selectively monitor, follow-up and support activities
- Strengthen project risk monitoring
- Take part in/support project management divisions (Frontline) Small-scale and maintenance projects, in particular, will be checked out on premises and stick to a process where measures have been drawn up to address issues

Enhanced engineering capabilities

- Turning well-honed production technology into solutions (C2J, reactive systems)
- Better upstream engineering Synthesis with Nablarch

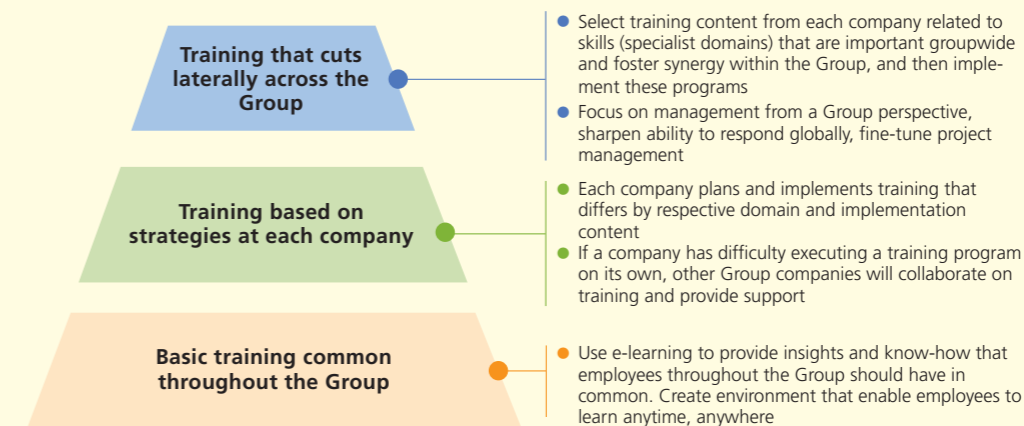
Training for technicians

- More extensive and enhanced teaching materials for project management and engineer training
- Boost partner procurement capability

Establish and then enhance standards from groupwide perspective and promote application

Nablarch: TIS' original Java application development/ implementation platform comprehensively designed for developing corporate information systems

For the TIS INTEC Group, its human capital is a vital management resource. From this perspective, training and development is also a key allocation in our investment activities. Training and development is broken down into three categories.



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Research and Development

In the IT services industry, where the Group is a key player, rapidly responding to advances in IT and the changes in market needs that they precipitate is critical to sustaining and enhancing competitiveness. The Group's R&D activities hinge on TIS and INTEC, which undertake leading-edge pursuits in the domains described below and tirelessly execute surveys and research, particularly on IT and production and development technologies that reinforce the Group's capacity to respond to the changes these technologies precipitate. Note that most of the Group's R&D activities are not specific to individual business segments, but rather are expeditions to discover techniques that can be applied laterally across the businesses of the Group.

● (1) Software Development Technology

Seeking to boost productivity and quality, TIS and INTEC spearhead resourceful and constant efforts to enhance software development capabilities.

TIS verified the effectiveness of "reactive systems," which have the potential for exceptionally better scalability and failure-resistance than those of Java-based applications. The company partnered with U.S.-based Lightbend (the former Typesafe), a provider of the leading Reactive application development platform, and has begun offering consulting services mainly for clients who need advanced applications.

INTEC continued R&D on the test automation platform TaaS (Test as a Service) and a test script generator, and applied

these tools for in-house use. The R&D focused on a tool that supports generations of test scenarios and regression tests. In addition, the company seeks to capitalize on the agile development technology of Pivotal Labs, a company in the United States that is regarded as the world's foremost agile development team.

In addition to the activities described above, TIS and INTEC were joined by five other principal Group companies in developing a framework for upgrading requirement definitions based on knowledge structures such as BABOK. This combined effort will ensure a good response to the growing complexity of requirements for system development.

● (2) Cloud Technology

Cloud services are turning into commodities, but platform technologies that support cloud services have been evolving as well.

TIS continued to develop CloudConductor, hybrid cloud orchestration software launched in fiscal 2014 as a demonstration project of the Ministry of Economy, Trade and Industry, while promoting collaborative research on next-generation orchestration technologies with Osaka University and the University of Electro-Communications. As for automation technologies, such as Docker, Chef, and Ansible, TIS moved out of the development stage and toward verification of applications for actual projects. The company is now offering solutions to clients with large-scale infrastructure. In the fourth quarter, the company began studying the use of machine learning and AI in cloud operations and management as a next-generation cloud technology.

INTEC collaborated with various institutions, including Osaka University, Hiroshima University, Kanazawa University, and the National Institute of Informatics, in developing DESTCloud, a distributed system evaluation platform. In addition, the company joined the Transparent Cloud-computing Consortium (T-Cloud Consortium), an academic-industry research group, to conduct R&D aimed at realization of new service models that transparently interface "device" and "cloud." Based on successful results, the company began R&D on a data sharing platform to which multiple cloud services will be linked. Also of note, SO-Sola, the synchronous file sharing service already released following successful R&D, won the Advanced Technology Prize in the ASP SaaS category at the 9th ASPIC Cloud Award 2015 hosted by the specified nonprofit corporation ASP- SaaS-Cloud Consortium.

● (3) Smartphone and Tablet Technology

The Group continued to work on R&D applicable to mobile technologies.

Based on R&D results accumulated to date, INTEC released the official version of i-LOP, a cloud-based Integrated Location Information Platform service. This new service allows users to easily and seamlessly handle multiple positioning technologies, including GPS, Wi-Fi, inaudible sound—that is, sound waves—and Bluetooth Low Energy (BLE), from smart-

phones and web applications. i-LOP was awarded the Best Innovation Award in the IaaS and PaaS category at the 9th ASPIC Cloud Awards in 2015.

In December 2015, INTEC hosted Shopping Street Hackathon in Toyama, an event on the theme of local community revitalization and O2O applications. The company will continue to promote R&D on new positioning technologies, connectivity with wearable terminals, advancement of

illustration mapping technologies, and the use of traffic line analysis technologies.

INTEC is also working on motion recognition technology using smartwatches to solve issues related to input on tablets. This technology utilizes the accelerometer built into a smart-watch to detect the motion of a human wrist and then

executes various corrections and eliminates noise. It has potential application in wearable terminals for use in places, such as factories and farms—food and livestock—and on the frontlines of the medical profession, where conditions have precluded the use of conventional terminals.

● (4) Big Data Processing and IoT Technologies

IoT technology was a topic in the spotlight in fiscal 2016. A notable issue regarding IoT was how to efficiently process the huge amounts of data that get sent out from all sorts of devices.

Based on R&D results accumulated to date, INTEC launched Common IoT Platform services. This is an open Platform as a Service (PaaS) response that enables a system to receive a massive amount of data on people, things and the environment, identify the status of the external world in real

time, and execute required processing as the situation demands. The company also promoted M2M gateway R&D as a part of Edge Computing, in which processing is executed in proximity to where data is generated, and realized a positioning information detecting function based on radio waves generated by BLE devices. The company aims to apply the new function to services for the manufacturing and distribution industries.

● (5) Artificial Intelligence and Robot-related Technologies

Along with significant progress in AI through deep learning has come the spread of humanoid robots, and as open source software for robotic use becomes more readily available, more companies are entering the field. The TIS INTEC Group goes beyond robot-related technology to R&D that combines robot-related technology with AI, IoT, and cloud technology.

At TIS, efforts in AI and robot-related technologies that the company has been working on for the past five years blossomed in fiscal 2016. The company began joint research with Meiji University and the Nara Institute of Science and Technology to develop a concierge robot with the "sensitivity" of a human being. In addition, the company took an equity stake in Elvez, Inc., to acquire the agent technology that led to realization of this concierge robot.

TIS pursued client-assisted verification tests, and in September 2015, the company welcomed the debut of Pepper, a humanoid robot, at a shopping mall. Pepper exemplified the potential of robots in a service capacity.

In addition, the company was involved in activities associated with IBM Watson prior to the release of the Japanese

version, and received the Softbank Award in the IBM Watson Hackathon in December 2015. Such results earned TIS recognition as an IBM Watson Eco System Technology Partner as well as a Pepper Robot Applications Partner in March 2016. Thereafter, in April 2016, the company established the AI Business Promotion Office within the Business Creation Division as a structure for delivering Watson and Pepper solutions.

At INTEC, the emphasis was on cloud robotics. Specifically, the company made progress on a system that guides a cart-type robot over the floor to create an indoor environment map while collecting and storing environmental data, including geomagnetism. The company also pursued R&D on a telepresence robot that facilitates communication between remote places and creates the impression of being there. Another theme was the technology that enables Pepper to be controlled with a robot-oriented operating system (ROS). These results were exhibited at TEDxHimi held in January 2016 in Himi, Toyama Prefecture.

● (6) Other Research Activities

TIS continued to disclose R&D activities on Tech Sketch, a website with information posted by technicians.

INTEC announced the results of its R&D pursuits at various scientific meetings and through external lectures, published papers in the INTEC Technical Journal, and conducted public

relations activities. The company also sent representatives to present special lectures at institutions of higher learning, such as Kyushu University, Keio University, Toyama University, and Toyama Prefectural University.

In total, TIS recorded consolidated R&D expenses of ¥1,086 million in fiscal 2016, ended March 31, 2016.

| Platform that supports value creation process |

Corporate Governance

Based on our Group Management Policy and Group Vision, we have formulated basic corporate governance policies aimed at improving the Group's corporate value over the medium and long terms. We are working constantly to enhance corporate governance.

Basic Policy

TIS will constantly strive to pursue, sustain, and enhance the highest level of corporate governance.

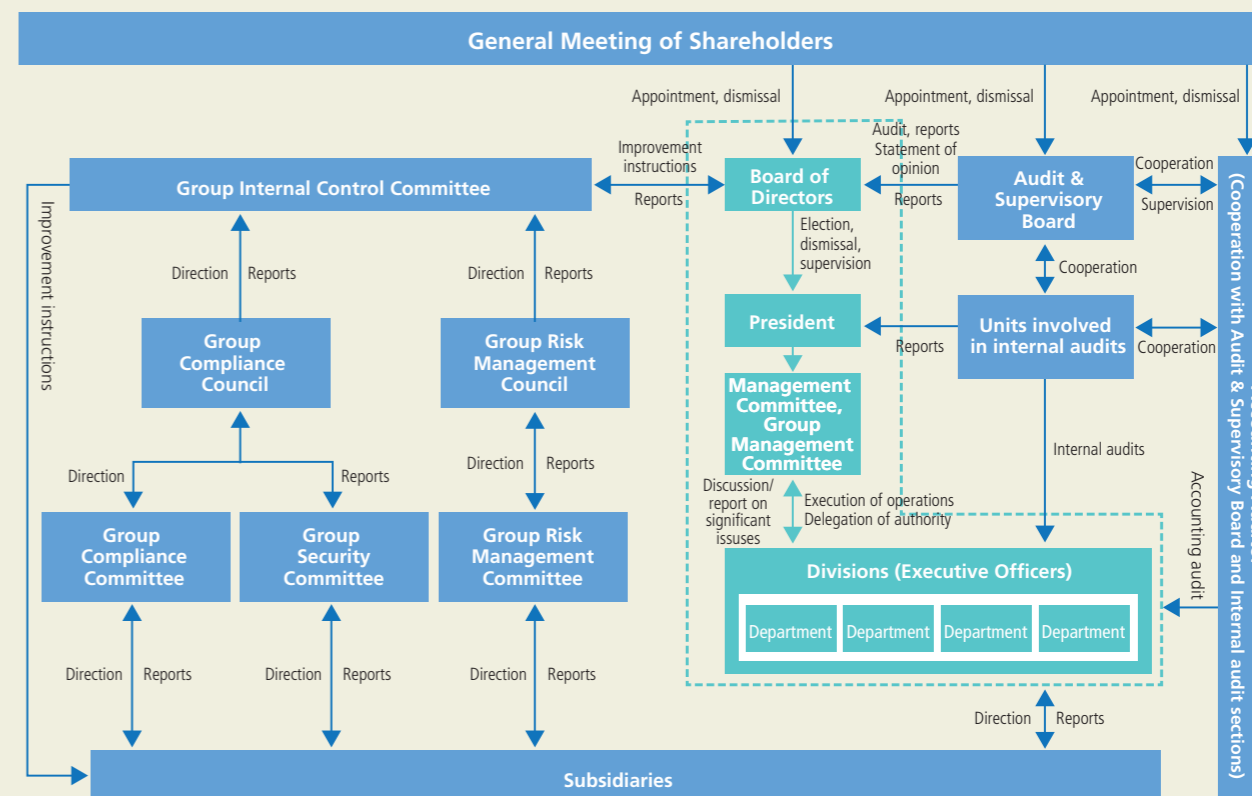
TIS believes that the key to corporate governance is to ensure transparency and fairness in decision-making, make full and effective use of its management resources, and increase the vitality of management through swift and accurate decision-making, from the viewpoint of ensuring the Company's sustainable growth and enhancing its medium- and long-term corporate value. Accordingly, TIS will strive to enhance its corporate governance in line with the following basic principles.

1. To respect the rights of shareholders and to ensure their equality.
2. To consider the interests of stakeholders including shareholders, and to cooperate appropriately with them.
3. To disclose corporate information appropriately and to ensure its transparency.
4. To engage in constructive dialogue with shareholders based on a medium- to long-term investment policy.

Corporate Governance Structure

Organizational Structure	Company with Audit & Supervisory Board
Chairman of the Board	Chairman
Number of Directors	10, including three external directors
Director's Term of Office	One year
Number of Audit & Supervisory Board Member	Five, including three external audit & supervisory board members
Term of Office for Audit & Supervisory Board Members	Four years
Number of Independent Directors	Six, including three external directors and three external audit & supervisory board members

Organizational Chart



Directors and Board of Directors

As stipulated in its Articles of Incorporation, the Company's Board of Directors will comprise at least three and no more than 15 directors, and to strengthen the supervisory functions of the Board of Directors, a policy has been established that two or more of the directors must be independent external directors. At present, three independent external directors have been appointed.

For swift and dynamic decision-making by the Board of Directors, the Board of Directors convenes in principle once monthly and also meets on an ad hoc basis

whenever necessary.

Furthermore, materials are provided for all Board of Directors meetings as well as agenda items raised in important meetings to the external directors and external auditors in advance for them to raise questions. In addition, support is provided when necessary, such as having the parties involved provide explanations in advance to promote active discussion in order to vitalize the meetings.



Front row from the left, Mitsushi Nishida, Representative Director, Norio Maenishi, Chairman, Toru Kuwano, President, and Josaku Yanai, Director and Managing Executive Officer. Back row from the left, Yoshinobu Ishigaki, External Director, Yoshiyuki Suzuki, Director, Katsuki Kanaoka, Director, Shigeki Kusaka, Director, Shingo Oda, External Director, and Koichi Sano, External Director



Standing Audit & Supervisory Board Members, front row from the left, Takuho Shimodaira, and Katsuhiko Ishii. Back row from the left, Muneaki Ueda, Taigi Ito, and Sadahei Funakoshi.

Board of Directors

Norio Maenishi, Chairman

Date of Birth: April 19, 1949
 April 1972 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 June 1996 Director of TIS Inc.
 June 2001 Executive Director of TIS Inc.
 April 2004 Representative Director and Executive Managing Director of TIS Inc.
 April 2008 Executive Vice-President and Representative Director of TIS Inc.
 April 2010 Director of TIS Inc. Executive Vice President and Executive Officer of IT Holdings Corporation
 June 2010 Director and Executive Vice-President of IT Holdings Corporation
 June 2013 President and Representative Director of IT Holdings Corporation
 June 2016 Chairman and Representative Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Toru Kuwano, President

Date of Birth: May 3, 1952
 April 1976 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 June 2000 Director of TIS Inc.
 April 2004 Executive Director of TIS Inc.
 April 2008 Executive Managing Director of TIS Inc.
 April 2010 Executive Vice-President and Representative Director and General Manager of Financial Industry HQ. of TIS Inc.
 April 2011 President and Representative Director of TIS Inc.
 April 2013 Chairman, President and Representative Director of TIS Inc.
 June 2013 Director of IT Holdings Corporation
 June 2016 President and Representative Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Mitsushi Nishida, Representative Director

Date of Birth: September 29, 1951
 April 1977 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 June 2001 Director and Department Manager of Corporate Planning & Control Dept., Corporate Planning & Control Div. of TIS Inc.
 April 2003 Director and Department Manager of Corporate Planning & Control Dept. and Section Manager of Business Development and Planning Office of TIS Inc.
 April 2004 Director and Division Manager of Financial Card Systems Div.1 of TIS Inc.
 October 2005 Director and Division Manager of Card Systems Div. 2 of TIS Inc.
 April 2006 Director and Division Manager of Card Systems Div. 2, Business Group of TIS Inc.
 April 2008 President and CEO of QUALICA Inc.
 April 2013 Executive Vice-President and Representative Director of TIS Inc.
 April 2016 Executive Vice-President and Representative Director and Executive Officer of TIS Inc.
 June 2016 Representative Director of IT Holdings Corporation
 July 2016 Representative Director, Executive Vice President of TIS Inc. (to present)

Josaku Yanai, Director and Managing Executive Officer

Date of Birth: November 14, 1963
 April 1987 Joined the Long-Term Credit Bank of Japan, Limited
 January 2000 Joined Toyo Information Systems Co., Ltd. (currently TIS Inc.)
 December 2006 Department Manager of Card Systems Sales Dept., Card Systems Div.1 of TIS Inc.
 April 2009 Executive Officer and Department Manager of Corporate Planning & Control Dept., Corporate Planning & Control Div. of TIS Inc.
 October 2010 Executive Officer and Department Manager of Corporate Planning & Control Dept, Corporate Planning & Control Div. and Section Manager of Merger Promotion Office of TIS Inc.
 April 2011 Executive Officer and Division Manager of Corporate Planning Division of IT Holdings Corporation
 May 2015 Managing Executive Officer and Division Manager of Corporate Planning Division of IT Holdings Corporation
 April 2016 Managing Executive Officer and Division Manager of Corporate Planning SBU. of TIS Inc. (to present)
 June 2016 Director, Executive Officer and Division Manager of Corporate Planning Division of IT Holdings Corporation
 July 2016 Director, Executive Officer and Division Manager of Corporate Planning Division of TIS Inc. (to present)

Katsuki Kanaoka, Director (Chairman of INTEC Inc.)

Date of Birth: February 24, 1956
 May 1985 Joined INTEC Inc.
 June 2000 Director of INTEC Inc. President and Representative Director of AT TOKYO Corporation
 June 2003 Managing Director of INTEC Inc.
 April 2005 Director, Senior Managing Executive Officer of INTEC Inc.
 April 2007 Representative Director, President and Executive Officer of INTEC Inc.
 June 2007 Representative Director, President and Executive Officer of INTEC Inc., Director of INTEC Holdings Ltd.
 April 2008 Director of IT Holdings Corporation President, Representative Director and Executive Officer of INTEC Inc.
 June 2009 Director of IT Holdings Corporation President and Representative Director of INTEC Inc.
 June 2012 Chairman and Representative Director of IT Holdings Corporation Director and Corporate Advisor of INTEC Inc.
 May 2015 Chairman of INTEC Inc. (to present)
 June 2016 Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Shigeki Kusaka, Director (President of INTEC Inc.)

Date of Birth: November 26, 1952
 April 1977 Joined Mitsubishi Corporation
 April 2007 Senior Vice President of Mitsubishi Corporation
 April 2009 Representative Director, Executive Officer, President and COO of IT Frontier Corporation
 April 2011 Managing Director of INTEC Inc.
 May 2015 President and Representative Director of INTEC Inc. (to present)
 June 2015 Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Yoshiyuki Suzuki, Director (Executive Vice-President of INTEC Inc.)

Date of Birth: May 25, 1952
 April 1975 Joined INTEC Inc.
 April 2003 Director of INTEC Inc.
 April 2005 Executive Officer of INTEC Inc.
 June 2007 Managing Executive Officer of INTEC Inc.
 June 2009 Managing Director of INTEC Inc. President and Representative Director of INTEC Systems Institute, Inc.
 April 2011 Senior Managing Director of INTEC Inc.
 June 2014 Director and Executive Vice-President of INTEC Inc.
 May 2015 Executive Vice-President and Representative Director of INTEC Inc. (to present)
 June 2016 Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Shingo Oda*, External Director

November 8, 1944
 July 1970 Joined Yokogawa-Hewlett-Packard Japan, Ltd. (currently Hewlett-Packard Japan, Ltd.)
 January 1997 Director of Hewlett-Packard Japan, Ltd.
 January 1999 Executive Director of Hewlett-Packard Japan, Ltd.
 November 2002 Executive Vice-President and Director of Hewlett-Packard Japan, Ltd.
 February 2005 Executive Vice-President and Representative Director of Hewlett-Packard Japan, Ltd.
 May 2005 President and Representative Director of Hewlett-Packard Japan, Ltd.
 February 2007 President and Representative Director, Executive Officer of Hewlett-Packard Japan Ltd.
 December 2007 Executive Advisor of Hewlett-Packard Japan. Ltd.
 April 2008 Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Yoshinobu Ishigaki*, External Director

Date of Birth: October 6, 1946
 April 1969 Joined IBM Japan Ltd.
 April 1998 Executive Director of IBM Japan Ltd.
 October 2001 Retired from IBM Japan Ltd.
 November 2001 President and CEO of Sapient K.K.
 October 2004 President and CEO of AT TOKYO Corporation
 June 2009 Board Chairman of AT TOKYO Corporation
 June 2010 Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Koichi Sano*, External Director

Date of Birth: August 30, 1948
 April 1971 Joined Mitsui Petrochemical Industries, Ltd. (currently, Mitsui Chemicals, Inc.)
 June 2003 Executive Officer and Manager of Finance Department of Mitsui Chemicals, Inc.
 June 2005 Executive Director of Mitsui Chemicals, Inc.
 June 2009 Executive Vice-President and Representative Director of Mitsui Chemicals, Inc.
 June 2013 Special Councilor of Mitsui Chemicals, Inc.
 June 2016 Director of IT Holdings Corporation (currently, TIS Inc.) (to present)

Audit & Supervisory Board Members

Takuho Shimodaira, Standing Audit & Supervisory Board Member

Date of Birth: January 19, 1952
 April 1975 Joined the Sanwa Bank, Limited (currently, the Bank of Tokyo-Mitsubishi UFJ, Ltd.)
 May 2003 Executive Officer of UFJ Bank Limited (currently, the Bank of Tokyo-Mitsubishi UFJ, Ltd.)
 June 2003 Director and Executive Officer of UFJ Bank Limited
 May 2004 Executive Officer of UFJ Bank Limited
 June 2004 Full-time Advisor at kokusai Motorcars, Co., Ltd.
 May 2005 Audit & Supervisory Board Member at The Daiei, Inc.
 June 2007 Director of The Midori kai, Co., Ltd.
 February 2008 Executive Director and Tokyo Branch Manager of The Midori-kai, Co., Ltd.
 June 2010 President and Representative Director of T&T ADVERTISING CO., LTD.
 June 2013 Full-time Audit & Supervisory Board Member of TIS Inc. (to present)
 June 2016 Full-time Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Katsuhiko Ishii, Standing Audit & Supervisory Board Member

Date of Birth: November 5, 1953
 April 1976 Joined the Long-Term Credit Bank of Japan, Limited
 October 2001 Joined SORUN Corporation
 June 2007 Director and Executive Officer of SORUN Corporation
 April 2011 Managing Executive Officer, Division Director of the Financial Industry SBU., Financial Industry HQ. and Division Manager of the Financial Systems Div. 3 of TIS Inc.
 October 2011 Managing Executive Officer and Deputy Division Manager of Financial Industry SBU. of TIS Inc.
 April 2012 Managing Executive Officer and Deputy Division Manager of Corporate SBU. of TIS Inc.
 June 2012 Director of IT Holdings Corporation. Managing Executive Officer and Deputy Division Manager of Corporate SBU. of TIS Inc.
 June 2013 Managing Executive Officer and Deputy Division Manager of Corporate SBU. of TIS Inc.
 April 2014 Managing Executive Officer and Division Manager of Corporate SBU. of TIS Inc.
 April 2016 Advisor to TIS Inc.
 June 2016 Full-time Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Taigi Ito*, External Audit & Supervisory Board Member (Certified Public Accountant and President, Ito Office)

Date of Birth: October 13, 1946
 January 1970 Joined Tsuji Audit Corporation
 February 1989 Representative Partner of MISUZU Audit Corporation
 July 2004 Deputy Chairman of the Japanese Institute of Certified Public Accountants
 August 2007 Chief of Ito CPA Firm (to present)
 April 2009 Professor at Graduate School of Accountancy, Waseda University
 June 2012 Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Muneaki Ueda*, External Audit & Supervisory Board Member (Chairman, Professional Bank, Inc.)

Date of Birth: January 1, 1948
 August 1983 Joined Temporary Center Inc. (currently, Pasona Inc.)
 January 1988 Executive Director and Manager of International Division and Manager of Business Development Dept. of Pasona Inc.
 President and Representative Director of Pasona N A, Inc.
 April 1991 Executive Managing Director and General Manager of Sales Division of Pasona Inc.
 June 1993 Director and Vice-President of Pasona Inc.
 June 2000 President and Representative Director of Pasona Inc.
 August 2004 President and Representative Director of Professional Bank Inc.
 April 2007 Chairman and Representative Director of Professional Bank Inc. (to present)
 June 2012 Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Sadahei Funakoshi*, External Audit & Supervisory Board Member

August 15, 1954
 April 1977 Joined Mitsubishi Corporation
 March 2003 Transferred to Mitsubishi Corporation Financial & Management Services (Japan) Ltd. as Director and Vice-President
 April 2009 Transferred to Mitsubishi Corporation LT, Inc. as Advisor
 June 2009 Director and Managing Executive Officer of Mitsubishi Corporation LT, Inc.
 June 2011 Director and Senior Managing Executive Officer of Mitsubishi Corporation LT, Inc.
 January 2013 Representative Director and Senior Managing Executive Officer of Mitsubishi Corporation LT, Inc.
 May 2013 Statutory Auditor of IT Frontier Corporation
 July 2014 Statutory Auditor of TATA Consultancy Services Japan, Ltd.
 June 2016 Full-time Audit & Supervisory Board Member of IT Holdings Corporation (currently, TIS Inc.) (to present)

Management Committee and Group Management Committee

The Company has established the Management Committee and Group Management Committee to deliberate and report on important matters affecting business execution at the Company and the Group as a whole.

Executive Officer System

The Company has adopted an executive officer system to accelerate management decision-making and supervisory functions of the Board of Directors. Directors delegate business execution to Executive Officers, and these Executive Officers provide specific direction, orders, and supervision to each business unit head.

Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board comprises five auditors (of which three are external auditors). Each auditor will perform audits of directors' business execution in accordance with the audit & supervisory policies established by the Audit & Supervisory Board. In addition, the Company works closely with its financial auditors, exchanging information and sharing opinions on a regular basis in addition to receiving the annual financial audit plan and reporting on results of financial audits from Ernst & Young ShinNihon LLC, with which the Company has entered and auditing contract. Furthermore, the Audit & Supervisory Board receives the audit reports of the auditing department and exchanges opinions on a regular basis.

Reason for Election of External Directors and External Audit & Supervisory Board Members

External Directors

Norio Maenishi	Mr. Maenishi had many years of experience in the planning and development of industrial systems at TIS Inc., formerly the Company's major subsidiary (merged with the Company in July 2016), and after a stint at the Corporate Department, he assumed the office of Executive Vice-President and Representative Director of TIS Inc., as well as Director and Executive Vice-President of the Company. Since June 2013, he has served as President and Representative Director of the Company. He has a wealth of experience in the Company's Group business, as well as in business management. Based on this experience, he was appointed as a Director and can be fully expected to fulfill the duties of significant decision-making for the Company Group and the oversight of management.
Toru Kuwano	Mr. Kuwano had many years of experience in the planning and development of financial systems at TIS Inc., formerly the Company's major subsidiary (merged with the Company in July 2016). Since April 2011, he has served as President and Representative Director of TIS Inc., and since June 2013, he has concurrently served as a Director of the Company. He has a wealth of experience in the Company Group's business, as well as in business management. Based on this experience, he was appointed as a Director and can be fully expected to fulfill the duties of significant decision-making for the Company Group and the oversight of management.

Mitsushi Nishida	Mr. Nishida had many years of experience in the planning and development of financial and industrial systems at TIS Inc., formerly the Company's major subsidiary (merged with the Company in July 2016). After assuming the office of President and CEO of the Company's Group company, he has served as Executive Vice-President and Representative Director of TIS Inc. since April 2013. Based on this experience, he was appointed as a Director and can be fully expected to fulfill the duties of significant decision-making for the Company Group and the oversight of management.
Josaku Yanai	Mr. Yanai has worked in the Corporate Planning Department, etc., at TIS Inc., formerly the Company's major subsidiary (merged with the Company in July 2016). Since April 2011, he has served as an Executive Officer and General Manager of the Corporate Planning Division of the Company, and has a wealth of experience in the Company Group's business, as well as in business execution from a management perspective. Based on this experience, he was appointed as a Director and can be fully expected to fulfill the duties of significant decision-making for the Company Group and the oversight of management.
Katsuki Kanaoka	Mr. Kanaoka has worked in the Corporate Department, Financial System Department, Infrastructure Department, etc., at INTEC Inc., the Company's major subsidiary. After assuming the office of President and Representative Director of INTEC Inc., he has served as Chairman and Representative Director of the Company since June 2012, and has a wealth of experience in the Company Group's business, as well as in business management. Based on this experience, he was appointed as a Director and can be fully expected to fulfill the duties of significant decision-making for the Company Group and the oversight of management.
Shigeki Kusaka	Mr. Kusaka was involved in the management of the industrial system business division at INTEC Inc., the Company's major subsidiary. He has served as President and Representative Director of INTEC Inc. since May 2015, while concurrently serving as Director of the Company since June 2015, and has a wealth of experience in the Company's Group business, as well as in business management. Based on this experience, he was appointed as a Director and can be fully expected to fulfill the duties of significant decision-making for the Company Group and the oversight of management.
Yoshiyuki Suzuki	Mr. Suzuki worked in the Corporate Department, Technology Department, etc., at INTEC Inc., the Company's major subsidiary. Since May 2015, he has served as Executive Vice-President and Representative Director of INTEC Inc. Based on this experience, he was appointed as a Director and can be fully expected to fulfill the duties of significant decision-making for the Company Group and the oversight of management.
Shingo Oda	Mr. Oda served as President and Representative Director of Hewlett-Packard Japan, Ltd. and has a wealth of experience and deep insight into industry trends and global corporate management, especially in the area of IT. Based on this experience, his advice and suggestions from an independent perspective will help ensure that the decisions made by the Company's Board of Directors are reasonable and appropriate. For this reason, he was appointed as an External Director.
Yoshinobu Ishigaki	Mr. Ishigaki holds extensive experience and broad insight as a corporate executive with wide-ranging experience and a wealth of expertise in the IT service industries. His advice and suggestions from an independent perspective will help ensure that the decisions made by the Company's Board of Directors are reasonable and appropriate. For this reason, he was appointed as an External Director.
Koichi Sano	Mr. Sano worked mainly in the Finance and Accounting Departments, and served as Executive Vice-President and Representative Director of Mitsui Chemicals, Inc., and has a wide range of experience and a wealth of expertise in corporate management. Based on his experience, he was appointed as an External Director since his advice and suggestions from an independent perspective will help ensure that the decisions made by the Company's Board of Directors will be reasonable and appropriate and are expected to be highly beneficial to the strengthening of corporate governance.

● External Auditors

Takuho Shimodaira	Mr. Shimodaira served as president and representative director and audit and supervisory board member etc. at various companies including a financial institution, and since June 2013, has served as a full-time Audit & Supervisory Board Member of TIS, Inc., formerly the Company's major subsidiary (merged with the Company in July 2016). Based on his experience, he was appointed as an Audit & Supervisory Board Member as he can be expected to oversee the execution of duties of the Company's Directors in a fair and appropriate manner.
Katsuhiko Ishii	Mr. Ishii worked for a financial institution and served as a General Manager of the Corporate Department of TIS Inc., formerly the Company's major subsidiary (merged with the Company in July 2016). He also served as an advisor of TIS Inc. Based on these experiences, he was appointed as an Audit & Supervisory Board Member as he can be expected to oversee the execution of duties of the Company's Directors in a fair and appropriate manner.
Taigi Ito	Mr. Ito is a licensed Certified Public Accountant. His expertise and knowledge in the field of finance and accounting and professional experience are beneficial to the Company in enforcing its audit system. Although he was not directly involved in corporate management, he was appointed as an External Audit & Supervisory Board Member as he was considered to be well qualified to appropriately perform the duties of Audit & Supervisory Board Members given the above credentials.
Muneaki Ueda	Mr. Ueda has a wealth of experience and wide-ranging insight as a corporate executive. He was appointed as an External Audit & Supervisory Board Member in expectation of obtaining his overall management advisory and management oversight on execution of duties from an external perspective.
Sadahei Funakoshi	Mr. Funakoshi has a wealth of experience and knowledge in corporate management, with his experience in the management of investment and loan, credit and administrative departments of Mitsubishi Corporation, as well as his service as an auditor at IT companies. He was appointed as an External Audit & Supervisory Board Member in expectation of obtaining his overall management advisory and management oversight on execution of duties from an external perspective.

External Directors and External Auditors

The Company has three external directors and three external auditors. The determination of the independence of external directors and external auditors is prescribed by the requirements of the Companies Act as well as

judgement criteria to ensure the independence of external directors and external auditors (referred to as "external officers" hereafter) as described below, with reference to the rules and regulations of the Tokyo Stock Exchange.

For reference: Criteria Concerning Independence of External Officers

The Company has three external directors and three external auditors. The determination of the independence of external directors and external auditors is prescribed by the requirements of the Companies Act as well as criteria to ensure the independence of external directors and external auditors (referred to as "external officers" hereafter) as described below, with reference to the rules and regulations of the Tokyo Stock Exchange.

1. External directors (including candidates) are defined by Article 2, Paragraph 15 of the Companies Act (Requirements of External Directors) and have never served as an executive director, manager or other employee of the TIS INTEC Group (Note 1) even in the past.
2. External auditors (including candidates) are defined by Article 2, Paragraph 16 of the Companies Act (Requirements of External Company Auditors) and have never served as a director, manager or other employee of the TIS INTEC Group even in the past.
3. In the current fiscal year and during the past nine fiscal years, none of each of the following items shall apply to external officers.
 - I. A counterparty which has transactions principally with the Company (Note 2) or a person who executes that counterparty's business
 - II. A counterparty which has transactions principally with the TIS INTEC Group (Note 3) or a person who executes that counterparty's business
 - III. A consultant, accounting professional or legal professional (Note 4) who has received a large amount of money or other assets (Note 5) other than remuneration of officers from the Company. In addition, when these are received by an organization such as a corporation or partnership, this includes persons who belong to the applicable organization.
 - IV. A major shareholder of the Company (Note 6). In addition, when the major shareholder is a corporation, this includes a person who executes the business of the corporation.
 - V. A person other than those in (I), (II) and (III) above who executes the business of a counterparty of the Company (Note 7)
 - VI. A person who was formerly a member of a counterparty which is in a situation of cross-assumption of offices of external officers
 - VII. A counterparty or former member of the counterparty that receives donations from the Company
4. External officers must not be a relative within the second degree of a person who falls under each of the following items.
 - I. A person mentioned in (I) to (III) of the previous clause
 - II. A person who executes the business of a subsidiary of the Company
 - III. A non-executive director of a subsidiary of the Company (limited to external auditors)
 - IV. A person who fell under (II) or (III) above or a person who executes the business of the Company (including a non-executive director in the case of an external auditor) recently (in the current business year and during the past four business years)
5. In addition to the above, there exist no circumstances in which duties imposed on an independent external officer are reasonably deemed not to be achieved.

Note 1: The "TIS INTEC Group" means the Company and its subsidiaries.

Note 2: A "counterparty which has transactions principally with the Company" means a counterparty which provides products or services to the Company and, in terms of the Company, which is a pure holding company, this refers chiefly to the main bank (The Bank of Tokyo-Mitsubishi UFJ, Ltd.) and the lead managing underwriters (Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co, Ltd., and SMBC Nikko Securities Inc.)

Note 3: A "counterparty which has transactions principally with the TIS INTEC Group" means a counterparty with sales exceeding 2% of the total consolidated sales of the TIS INTEC Group.

Note 4: "A large amount of money or other assets" means the total value exceeds 10 million yen per fiscal year.

Note 5: Despite Note 4 above, the following consultants, accounting professionals or legal professionals shall be treated as falling under (III). Ernst & Young ShinNihon LLC, Ernst & Young Tax Co., Yodoyabashi & Yamagami Legal Professional Corporation, TMI Associates, and ASUKA CPTA Corp.

Note 6: A "major shareholder" means a person or company, and the like, that directly or indirectly holds 10% or more of total voting rights. However, the Company's leading shareholders (the top 10 approximately) shall be treated as "major shareholders."

Note 7: A "counterparty which has transactions with the Company" means the case when transactions with the Company exceed 10 million per fiscal year.

Primary Activities of External Directors and External Auditors (Fiscal 2016)

Status	Name	Primary Activities
Director	Shingo Oda	Mr. Oda attended all 16 meetings of the Board of Directors held in fiscal 2016. He provided comments as necessary in discussions of matters for resolution, based on his experience in the industry and in corporate management and the insights thus gained.
Director	Yoshinobu Ishigaki	Mr. Ishigaki attended all 16 meetings of the Board of Directors held in fiscal 2016. He provided comments as necessary in discussions of matters for resolution, based on his experience in the industry and in corporate management and the insights thus gained.
Auditor	Taigi Ito	Mr. Ito attended 15 of 16 meetings of the Board of Directors and 14 of 15 meetings of the Audit & Supervisory Board held in fiscal 2016. He provided comments as necessary in discussions of matters for resolution, from the specialized perspective of a Certified Public Accountant.
Auditor	Muneaki Ueda	Mr. Ueda attended 15 of 16 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held in fiscal 2016. He provided comments as necessary in discussions of matters for resolution, based on his experience and insights into corporate management.

Note: Standing Audit & Supervisory Board Member, Masaru Sasakura fulfilled his term as of the 8th Annual General Meeting of Shareholders convened on June 24, 2016, and retired from his position.

Message from External Director



Shingo Oda,
External Director

This is my ninth fiscal term since becoming an external director of TIS, Inc. in 2008. I have been a part of the IT services industry for many years, including a role in the management of Hewlett-Packard Japan, Ltd. Since my appointment as an external director, however, I gained a renewed awareness of the excellent foundations that the TIS INTEC Group is built on. In all aspects of “human resources, goods, and capital,” the Group companies hold superior talent, technologies, services, data centers, and other business assets. There is a range of strengths, from TIS’s credit card settlement business to INTEC Inc.’s integrated system solutions services for regional public-sector entities. Having said that, there remained unexploited opportunities as these strengths tended to lie in isolation within each company, and the TIS INTEC Group as a whole—even as the IT Holdings Group—did not always represent an imposing presence to its competitors.

Going forward, the increasingly competitive IT services industry is anticipated to undergo a rapid realignment. To win in this battle for survival, I believe the TIS INTEC Group must leverage its current group reorganization to strategically align itself and convey to external parties a core competence that is attractive to client companies. Above all, speed is critical and strong leadership is needed to steer the group as a whole in a common direction.

From my vantage point on the outside looking in, I see the employees in charge of corporate governance, internal controls, risk management, and other management controls as fully understanding the importance of these functions and supporting a solid management foundation. One could say a company’s employees are everything. From this perspective, the TIS INTEC Group needs to build a specific framework looking five to 10 years into the future, such as human resources training and development systems that cross the group laterally according to title and rank.

I personally believe that it is my role as an external director is to advise and monitor corporate activities through the Board of Directors and other corporate structures and thereby ensure that management practices are transparent, fair and efficient, from a stakeholder’s perspective. In addition, I will offer suggestions from an external view to improve the corporate value with respect to sustained growth of TIS and by extension, the TIS INTEC Group.

Outline of Liability Agreements

In accordance with Article 427, Paragraph 1 of the Companies Act, each external director and external auditor enters into an agreement with the Company that

limits legal responsibility for liability compensation as set forth under Article 423, Paragraph 1 of the same law.

Outline of Policy on Officers’ Remuneration

The basic policy on determination of officers’ remuneration is to provide incentives to improve performance through a system of remuneration linked to measures of company performance.

The Company’s remuneration for Directors consists of basic remuneration and performance-linked remuneration. Basic remuneration is paid according to the size of the role and scope of responsibilities of each position. Performance-linked remuneration is linked to attainment of the measures of company performance established on the basis of the management plan for each fiscal year, and shall not exceed the proportion of basic remuneration (up to a maximum of 30%) determined for each position.

Remuneration paid to external directors consists only of basic remuneration and performance-linked remuneration

will not be paid. In addition, remuneration is paid to auditors after being determined through consultation at the Audit & Supervisory Board and is not linked to performance and consists solely of basic remuneration in order to ensure a high degree of independence.

Furthermore, to provide a reflection of medium- to long-term performance, Directors shall contribute at least a certain portion of their basic remuneration to purchase the Company’s own stock through the share ownership plan of directors and officers, which they shall retain in full for the duration of their period in office. The Company believes that the current remuneration system contributes to sound motivation and has not introduced a remuneration system utilizing the Company’s own shares (stock option system).

Remuneration for Directors and Audit & Supervisory Board Members (Year ended March 31, 2016)

	Recipients (Persons)	Remuneration (Millions of yen)
Directors (including external directors)	4 (2)	127 (16)
Audit & Supervisory Board Members (including external members)	4 (3)	50 (28)
Total (including external officers)	8 (5)	178 (45)

Note 1: Remuneration for directors does not include the employee portion in the case of directors who serve concurrently as employees.

Note 2: As of March 31, 2016, the Company had nine (9) directors, including two (2) external directors. The discrepancy between the number of directors and the number shown under “Recipients” is because five (5) directors, including one (1) director who retired in the fiscal year ended March 31, 2016, served without compensation and are thus excluded from the above figure.

Note 3: Per resolution of the 1st Ordinary General Shareholders’ Meeting held on June 25, 2009, the combined remuneration for directors and Audit & Supervisory Board Members is limited to ¥400 million (¥50 million for external directors) and ¥85 million per year, respectively.

Note 4: The Company does not maintain a retirement bonus system for directors, and does not pay any directors’ bonuses.

Takeover Defense Measures

TIS has not introduced takeover defense measures.

Approaches to Internal Controls

The Company enhances and implements its internal controls in accordance with its "Basic Policies Regarding Internal Control Systems." At the same time, it has established basic policies for internal controls within the Group that set forth specific activities related to internal controls so that the internal control policies permeate throughout the Group as a whole. In particular, it has set the following

as key themes for internal controls: 1) compliance, 2) risk management, 3) information security, and 4) enhancing internal audits. Furthermore, the Group Internal Control Committee, chaired by the President and Representative Director, encourages the improvement of internal controls in the Group as a whole and implements and evaluates their progress on an ongoing basis.

Approaches to Compliance

The Company has set its basic direction on CSR, compliance rules, and other internal rules and regulations to strengthen its compliance-related systems to implement measures in order to prevent illegal activities from occurring. It has also established a whistle-blowing system within the Group and whistle-blowing hotlines to detect and remediate such illegal activities at an early juncture and raise awareness of legal compliance within the Group as a whole.

Furthermore, a Group Compliance Committee has been established. Its functions are to understand issues related to compliance, discuss countermeasures, boost awareness in executives, deliberate and demand corrective action regarding items raised by whistle-blowers, deliberate and decide on measures to prevent recurrence of incidents, and manage the progress in implementation of such countermeasures.

Approaches to Risk Management

The Company has established its Risk Management Policies to strengthen its risk management structure. The Company and its Group companies have segmented its risks into hazard risk, operational risk, financial risk, and strategic risk. It has established a risk management structure and structure for accountability for each of these risks

should they materialize. The Group Risk Management Committee has been established to identify and mitigate risks affecting the Group as whole. The committee formulates risk management policies for the Group as a whole and confirms the status of risk mitigation measures.

Approaches to Information Security

The Company has established the Group Information Security Policy and Group Information Security Promotion rules. It has also established management systems to respond to a variety of information security risks affecting the Group as a whole. Appropriate measures are taken based on risk assessments to protect against the loss of information assets, accidents, disasters, criminal activities, and all other threats.

A Group Security Committee was established to make this management system a reality. The committee formulates plans to promote measures to enhance information security, understand the status of implementation of information security measures, and to play a supervisory role for implementing measures when security incidents occur and for the status of improvement when proposals are made to prevent the recurrence of such incidents.

Approaches to Internal Audits

Audits are implemented in accordance with the internal audit plan at each of the Company's business units and at TIS INTEC Group companies without internal audit divisions. In addition, the Company makes necessary recom-

mendations and follows up on corrective action plans based on audit findings. Furthermore, sharing information among the internal audit divisions within the TIS INTEC Group's companies raises the quality of its audits.

As of March 31, 2016, the Group mainly comprised parent company IT Holdings Corporation ("ITHD" or "the Company") and 46 consolidated subsidiaries, including principal companies TIS Inc., INTEC Inc., AGREX INC., QUALICA INC. and AJS Inc., and 37 companies accounted for by the equity method.*

Through additional acquisition of shares, KOUSHIN INC., and MicroMates Corp., fall under the scope of consolidation from fiscal 2016.

* Effective July 1, 2016, wholly owned subsidiary TIS, Inc., was merged into ITHD, which then transitioned into an operating holding company. Paralleling this shift, the name of the Company changed to TIS, Inc..

Profit and Loss Analysis

Net Sales

Net sales rose 6.0% from fiscal 2015, to ¥382,689 million, as the Group accurately grasped the IT investment needs of its customers in areas where IT investment is growing.

(A breakdown of performance by business segment is presented on page 21~22 under "Group Business Summary".)

Sales and Income by Business Segment		Millions of yen	
(Years ended March 31)	Fiscal 2016	Fiscal 2015	% change
Net sales	¥382,689	¥361,025	+6.0%
IT infrastructure services	125,929	118,200	+6.5
Financial IT services	79,519	79,543	-0.0
Industrial IT services	180,000	166,357	+8.2
Other business	16,095	14,667	+9.7
Intersegment elimination/adjustments	(18,855)	(17,742)	—
Operating income	24,436	21,121	+15.7
IT infrastructure services	8,924	7,179	+24.3
Financial IT services	3,361	5,549	-39.4
Industrial IT services	9,972	7,049	+41.5
Other business	2,649	2,159	+22.7
Intersegment elimination/adjustments	(471)	(816)	—

Note : Sales by segment in the above chart exclude intersegment sales.