Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2019
(April 1, 2018 through December 31, 2018)
(Prepared pursuant to Japanese GAAP)

All financial information has been prepared in accord with accounting principles generally accepted in Japan. This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

February 4, 2019

Company name:	TIS Inc.
Stock exchange listings:	The First Section of the Tokyo Stock Exchange
Stock code:	3626
URL:	http://www.tis.com/
Representative:	Toru Kuwano, Chairman and President
Contact:	Tsuneyoshi Ito, Department Manager of Finance & Accounting Dept., Corporate Planning SBU.
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Scheduled dates

Submission of quarterly report:	February 12, 2019
Commencement of dividend payments:	-
Supplementary materials to the quarterly results:	Available
Quarterly results presentation held:	Yes (targeted at institutional investors and analysts)

Figures in millions of yen are rounded down to the nearest million

1. Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 31, 2019 (April 1, 2018 – December 31, 2018)

(1) Consolidated Financial Results

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent company	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
First Three Qtrs., FY2019	302,961	4.8	25,022	20.9	25,516	21.8	16,979	26.1
First Three Qtrs., FY2018	289,021	3.0	20,696	29.9	20,955	30.1	13,460	19.6

Note: Comprehensive income: First Three Qtrs., FY 2019 5,707 million yen (-77.2%), First Three Qtrs., FY 2018: 25,083 million yen (69.5%)

	Net income per share – basic	Net income per share – diluted
	Yen	yen
First Three Qtrs., FY2019	200.64	-
First Three Qtrs., FY2018	157.47	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End of Third Quarter, FY2019	344,397	223,855	63.6
End of FY2018	366,954	226,298	60.4

For reference: Total equity: End of Third Quarter, FY2019: 219,017 million yen End of FY2018: 221,634 million yen.
*Total equity = Shareholders' equity plus total accumulated other comprehensive income

2. Cash Dividends for Shareholders of Common Stock

Record date or period	Cash dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2018	-	14.00	-	26.00	40.00
FY2019	-	20.00	-		
FY2019 (forecast)				40.00	60.00

Note: Revisions from the latest release of dividends forecasts: None

3. Forecast of Consolidated Results for FY2019 (April 1, 2018 – March 31, 2019)

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent company		Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full FY2019 (year ending Mar. 31, 2019)	414,000	2.1	35,000	6.9	35,500	8.2	23,300	13.0	275.51

Note: Revisions from the latest release of earnings forecasts: None

※ Notes

(1) Material reclassifications of subsidiaries during the period: None
(Changes in specified subsidiaries resulting in change in scope of consolidation)
Additions: None Exclusions: None

(2) Accounting methods specific to quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
1) Changes in accordance with amendments to accounting standards, etc.: None
2) Changes other than noted in 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Common stock issued
1) Issued shares as of period-end (including treasury stock):
End- Third Quarter, FY2019 (December 31, 2018): 87,789,098 shares
End-FY2018 (March 31, 2018): 87,789,098 shares
2) Treasury stock as of period-end:
End- Third Quarter, FY2019 (December 31, 2018): 3,385,514 shares
End-FY2018 (March 31, 2018): 2,613,034 shares
3) Average number of shares (during the respective nine-month period):
First Three Qtrs, FY2019 (ended December 31, 2018): 84,627,327 shares
First Three Qtrs, FY2018 (ended December 31, 2017): 85,482,158 shares
Note: Treasury stock includes the number of the Company's own shares held by TIS INTEC Group Employees' Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.

***Quarterly review status**
These materials are not subject to the quarterly review procedures to be conducted by certified public accountants or an audit firm.

Caution on Forward-Looking Statements and Other Important Matters
This report contains forward-looking statements that reflect TIS Inc. ("TIS")'s plans and expectations based on information available to TIS at the time of preparation and on certain other information TIS believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, refer to "(3) Consolidated Earnings Forecast and Caution on Forward-Looking Statements" in the "1. Results of Operations" section on page 8 in the Accompanying Materials.

Accompanying Materials – Contents

1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the first nine months of fiscal 2019 (April 1, 2018 ~ December 31, 2018), the Japanese economy continued a moderate recovery owing to high corporate earnings and an improvement in employment conditions. Looking ahead, the economy is expected to continue its moderate recovery, but it will be necessary to monitor the impact of uncertainties surrounding the global economy, including trade issues, and financial and capital market fluctuations.

The business environment surrounding the IT services industry, to which the TIS INTEC Group belongs, was robust during the period. The Bank of Japan's Short-term Economic Survey of Enterprises in Japan (December 2018) showed a 6.4% year-on-year increase in company software investment plans (all manufacturing & financial institutions), reflecting a strong trend for increased IT investment by companies embracing digital management and aiming to realize their business strategies through the aggressive application of IT.

In this environment, the TIS INTEC Group promoted various measures to achieve a speedy structural transformation and raise corporate value under a new three-year medium-term management plan launched at the start of the current fiscal year. The new three-year plan will build the foundation from which the Group will work to realize its Group Vision 2026.

Consolidated net sales for the Group in the first nine months of fiscal 2019 increased 4.8% year on year to ¥302,961 million. Operating income rose 20.9% to ¥25,022 million, recurring profit grew 21.8% to ¥25,516 million, and net income attributable to owners of the parent company expanded 26.1% to ¥16,979 million.

The increase in consolidated net sales was driven by the Group's ability to accurately grasp the IT investment needs of its customers in areas where IT investment is growing. The increase in operating income reflects the higher sales and improvements in the gross profit ratio, which rose 1.7 percentage points year-on-year to 21.9% boosting gross profit and offsetting an increase in selling, general and administrative expenses primarily related to expenditures targeted at strengthening the Group's efforts to achieve structural reforms, and the operating income ratio improved 1.1 percentage points to 8.3%. The growth in recurring profit primarily reflects the growth in operating income. The year-on-year growth in net income attributable to owners of the parent company reflects the positive flow from the above factors and an improvement in net extraordinary income/loss. The consolidated results for the first nine months of fiscal 2019 include extraordinary income of ¥14,360 million and extraordinary losses totaling ¥13,247 million. The main components of these two figures, as reported in our September 27 press release "Notice Regarding Booking of Extraordinary Loss and Extraordinary Income", are a ¥10,056 million extraordinary gain on the sale of investment securities and a ¥8,800 million extraordinary expense related to data center migration.

In August 2018, TIS Inc. was selected as a constituent stock of the JPX-Nikkei Index 400, which is composed of "companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives."

Segment results for the period are as follows. Following changes to the Group's management structure for the purpose of accelerating the ongoing structural transformation, reporting business segments have been realigned and changed, effective from the start of the first quarter of fiscal 2019. The sales figures for each segment include inter-segment sales. Year-on-year percent changes are based on calculations of previous-year results that reflect the new segmentation.

1) Service IT Business

This segment comprises Group businesses providing knowledge-intensive IT services that leverage TIS's service and industry know-how to create universalized, template-oriented solutions for its customers (includes default configuration and ERP).

Segment sales in the first nine months of fiscal 2019 totaled ¥84,146 million, up 17.1% year on year, and operating income increased 4.8% to ¥5,258 million. Expansion of settlement-related business and strong demand for ERP updates contributed to strong sales growth, which offset spending on forward-looking investment to strengthen the business, thus enabling the segment to post growth in sales and profits. The segment's operating income ratio for the first nine months of the fiscal year was 6.2%, 0.7 percentage points below the ratio recorded a year earlier. The decline primarily reflects increased spending related to forward-looking investments targeted at strengthening the business.

2) BPO

This segment comprises businesses that leverage the Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

Segment sales in the first nine months of the fiscal year totaled ¥27,736 million, down 0.9% year on year. However, operating income expanded 25.5% to ¥1,354 million. With sales stable and broadly in line with the previous year, the increase in operating income reflects the BPO business's initiatives to improve profitability, such as its successful effort to improve transaction margins. As a result, the segment's operating income ratio increased 1.0 percentage points to 4.9%.

3) Financial IT Business

This segment comprises businesses that leverage business and operating know-how specific to the financial sector to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

Segment sales in the first nine months of the fiscal year totaled ¥77,953 million, up 2.4% year on year, and operating income expanded 15.7% to ¥8,989 million. The increases in sales and profits were driven by the expansion in IT investment, primarily centered on credit card-related IT, by our core client base. As a result, the segment operating income ratio expanded 1.3 percentage points to 11.5%.

4) Industrial IT Business

This segment's businesses leverage business and operating know-how specific to non-finance industries to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

Segment sales in the first nine months of the fiscal year totaled ¥133,470 million, up 6.6% year on year, and operating income expanded 43.7% to ¥9,226 million. The increases in sales and profits were driven by expanding IT investment by customers in a wide range of industrial sectors, including energy-related sectors. As a result, the segment operating income ratio expanded 1.8 percentage points to 6.9%.

5) Other

The Other segment includes a number of ancillary businesses that provide leasing and other information systems to clients.

Segment sales in the first nine months of the fiscal year totaled ¥6,800 million, down 13.8% year on year. Segment operating income fell 6.2% to ¥719 million, while the operating profit ratio improved 0.9 percentage points to 10.6%. These results primarily reflect the absorption merger of IT Service Force Inc., a wholly owned subsidiary responsible for the TIS INTEC Group's shared services, and inclusion of that business's results in the Other segment from the second quarter of the current fiscal year.

As noted above, the TIS INTEC Group embarked on a new three-year medium-term management plan from the start of this fiscal year. The new plan will build the foundation from which the Group will work to realize its Group Vision 2026. By striving to fulfill the new plan's five basic policies—"Sustainable profit growth", "Emphasis on employee self-fulfillment", "Concentrate on core businesses"; "Shift to prior investment style of business development", and "Expand global business"—we aim to achieve a speedy structural transformation and raise corporate value.

Fiscal 2019 is the first year of the new medium-term management plan. The Group has formulated the following management strategy for the plan's initial year and is energetically implementing measures to accomplish the strategy.

Group Management Policies for Fiscal 2019

1) Charge forward on switch to service-style business
2) Robust prior investment to create new services
3) Added-value and productivity improvements in domains of expertise
4) Promote growth strategy aimed at becoming a top-class IT group in the ASEAN region
5) Boost motivation and reinforce human resource management

The major initiatives taken in the first three quarters of fiscal 2019 are presented below.

1) Charge forward on switch to service-style business

During the first nine months of fiscal 2019, we strengthened our cloud and security business when we launched the new Platform Square brand, which is based on the concept of providing one-stop added-value services by combining our Cloud & Security solutions with our Consulting & Managed Services. The new Platform Square brand brings together our specialists in cloud and security-related solutions and various other fields. In addition to strengthened staff numbers, the new brand brings together a wide range of solutions, from services consulting to managed services, which it is now using to accelerate business expansion, including the creation of new services.

A key initiative in the settlement-related business domain is our cooperation with MUFG Bank to develop a "token requester agency service" for the bank's MUFG Wallet (temporary name), a new smartphone-based settlement service that the bank plans to introduce in spring 2019. The “token requester agency service” will also be offered to other mobile digital wallet operators. This service uses TIS technology to securely store tokenized settlement ID information on the full range of devices that might be used to make payments, including smartphones, wearable devices, and IoT-capable equipment. We will be working with MUFG Bank to develop services that leverage MUFG Bank’s expertise in payment operations and TIS’s expertise in the construction and operation of payment IT infrastructure. Through such services, we aim to provide the security infrastructure that will ensure peace of mind for those using a diverse range of IoT devices to make online payments. In another cooperative venture aimed at making payments in Japan easier for foreigners visiting the country, we are working with Sumitomo Mitsui Card Company, Limited, to adapt our QRxDRIVE settlement service so that it can be used with the UnionPay QR code settlement service provided by China’s UnionPay International, a leader in cross-border QR code settlement services. As Japan’s first IT processing service operator, in addition to our QRxDRIVE payment app TIS will be providing a QR payment gateway service that is based on an application programming interface (API) that enables our service to be used with POS terminals, self-service checkout terminals and other payment devices.

2) Robust prior investment to create new services

As part of our efforts to acquire state-of-the-art technology and enter the global market, we established a capital and business tie-up with R3 HoldCo LLC, a US-based technology startup that has established one of the world’s leading brands in distributed ledger technology (DLT), a blockchain-related technology for corporate users. In addition, to promote business development of robot integration (the linking of robotics and ICT technologies) in the enterprise domain, we made an additional investment in SEQSENSE Inc., a startup company engaged in the development of autonomous mobile robots that we have previously been involved with through seed investments from our corporate venture capital system and other connections. In line with our efforts of promote open innovation through corporate venture capital, we have been making investments through an AI-specialized corporate venture capital framework we established in fiscal 2019 to speed up decision-making and facilitate closer collaboration with startup companies in the AI field, where the remarkable pace of technological advance is attracting keen attention from companies in all fields. In addition, we started the TIS Co-Creation Innovation Consortium to foster business collaborations between large corporations and startup companies and are accelerating our efforts toward the early realization of an innovation ecosystem.

We also established a group laboratory at a WeWork community work space with the aim of strengthening our research and analysis functions as well as information sharing and collaboration by bringing together R&D departments from the entire TIS INTEC Group. We hope that providing a venue for greater collaboration among Group R&D staff will facilitate the transition from the research stage to commercialization and lead to the realization of a business creation ecosystem.

3) Added-value and productivity improvements in domains of expertise

During the first three quarters of the fiscal year, our preparations to launch CreditCube+ were advanced by the start of several projections with potential first users. CreditCube+ is a next-generation card processing service that fully leverages the technologies and expertise cultivated through our CreditCube credit-card core operations system. The new system will enable customers to improve competitiveness and reduce costs by using a system that optimally balances the merits of shared data with customers' proprietary data. In addition, we joined five other companies participating in a test run of the use of electronic payment service Alipay directly on ticket gates of the Yui Rail monorail line operated by Okinawa Urban Monorail, Inc. The test was part of TIS's effort to contribute to solutions that make travel in Japan easier for foreign visitors and create new opportunities for business expansion through the construction and operation of settlement centers that handle customer payments for merchants and acquirers.

Group company INTEC Inc. continued its efforts to develop new high-value-added services. During the period under review, INTEC succeeded in cloudifying its integrated CRM solution F^3 (F Cube) which leverages the company's years of experience providing services for regional banks. INTEC has also developed and begun offering new optional services, including an anti-money laundering system and an automated loan screening service.

During the period, we continued our efforts to eliminate unprofitable projects and promote enhancement reforms aimed at further improving profitability. The success of these efforts is evident in the steady rise in the Group's gross profit margin.

4) Promote growth strategy aimed at becoming a top-class IT group in the ASEAN region

As part of our effort to accelerate the development of our global business by strengthening relationships and promoting collaborations with overseas companies through capital and business tie-ups, we strengthened our partnership with our Indonesian equity-method affiliate PT Anabatic Technologies Tbk, by purchasing convertible bonds with stock acquisition rights issued by the company. To help Anabatic achieve further growth by accelerating the development of new businesses, such as settlement services using QR codes and blockchains, we are working on the establishment of Group-led cooperative schemes with R3 HoldCo LLC, which we entered into a capital and business alliance tie-up as noted above, and with Shanghai-based CardInfoLink, which has extensive experience in such areas as the provision of QR code settlement solutions. We strengthened our ties to another equity-method affiliate in the ASEAN region when we acquired additional shares and increased our equity stake in MFEC Public Company Limited, a leading provider of enterprise IT solutions in Thailand.

We have also entered into a capital and business tie-up with TinhVan Technologies JSC, a major IT firm in Vietnam, with which we will work to develop the settlement business in Vietnam, starting with a QR settlement service.

5) Boost motivation and reinforce human resource management

During fiscal 2019 we are continuing our efforts on the human resources front to promote the growth of each member of our diverse group of employees as well as the sustainable growth of the Company by implementing various "workstyle reform" and "health management" measures. For example, in April 2018 we established a new Human Resources SBU, which has since issued a personnel manifesto. We also publicly proclaimed our plans to make TIS a company where employees are highly motivated. The manifesto presents the new Human Resources SBU's three-point mission and various measures being taken to fulfill the mission's objectives in the areas of "evaluation, treatment, and remuneration", "workstyle reform, health management, and diversity" and "hiring, training, and assignment". We also resolved to introduce, as part of these reforms, a new employment policy that extends the mandatory retirement age to 65, with no changes in the employee's treatment after 60, meaning that basic salary and bonus remain based on job function and personnel evaluations. We are also pleased to announce that our promotion of telework to create an employment environment that enables employees to choose when and where they perform the tasks required by their jobs has been recognized by the Ministry of Internal Affairs and Communications, which included TIS among its "top hundred telework pioneers"—as a company advancing the introduction and utilization of teleworking.

In addition to the above initiatives, we have launched cross-group projects centered on TIS and INTEC to promote enhancement and greater efficiency of headquarters functions and are now considering multifaceted approaches to realize these goals. As part of this effort, the Company absorbed group company IT Service Force Inc., which was responsible for the shared services of the TIS INTEC Group, and consolidated its functions with existing Group headquarter functions. In line with the Group's policy of flexibly managing its capital position to enable flexible responses in its operating environment while continuing to enhance shareholder returns and capital efficiency, we carried out a share buyback from May to July 2018, resulting in the acquisition of 809,100 shares at a total acquisition cost of ¥4,209 million.

In January 2019, we announced a new Group basic philosophy, "Our Philosophy." With "Our Philosophy" providing the common values that will serve as the axis for all the activities of the entire TIS INTEC Group, we will aim to be "A mover that helps to paint a brighter future" by carrying out our corporate activities with confidence and conviction.

(2) Analysis of Financial Condition

(Assets)

Consolidated total assets as of December 31, 2018, amounted to ¥344,397 million, a decrease of ¥22,556 million from ¥366,954 million at the end of the previous fiscal year on March 31, 2018.

Current assets totaled ¥152,502 million, down from ¥162,064 million, primarily owing to a ¥25,671 million decrease in notes and accounts receivable.

Fixed assets totaled ¥191,895 million, down from ¥204,889, owing mostly to a ¥12,290 million decrease in the value of investment securities.

(Liabilities)

Total liabilities at the end of the third quarter of the fiscal year amounted to ¥120,542 million, a ¥20,112 million decrease from ¥140,655 million at the end of the previous fiscal year.

Current liabilities totaled ¥70,897 million, down from ¥81,310 million nine months earlier, mainly reflecting a ¥6,553 million decrease in accrued bonuses to directors and employees.

Non-current liabilities amounted to ¥49,645 million, down from ¥59,344 million, primarily owing to a decrease of ¥6,031 million in long-term debt.

(Net assets)

Net assets at the end of the first three quarters of the fiscal year totaled ¥223,855 million, down ¥2,443 million from ¥226,298 million at the end of the previous fiscal year. The decrease primarily reflects an

¥11,605 million decline in net unrealized gains on other securities.

(3) Consolidated Earnings Forecast and Caution on Forward-Looking Statements

The Group turned in a solid consolidated business performance in the first nine months of the fiscal 2019. In the last three months of the fiscal year, the Group will strive to achieve its full-year targets by steadily implementing various measures. Accordingly, there are no changes to the consolidated earnings forecast announced on May 10, 2018.

From fiscal 2019, the Company has adopted a total return ratio* benchmark of 40%. Considering the previously mentioned share buyback and the current consolidated earnings forecast, the Company estimates the total return will come to 39.9% in fiscal 2019.

*Total return ratio: The ratio of the combined value of dividend payments and share buybacks versus net income attributable to owners of the parent company

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Items	As of March 31, 2018	As of Dec. 31, 2018
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	38,032	48,869
Notes and accounts receivable	94,438	68,767
Lease receivables and lease investment assets	4,747	4,238
Marketable securities	100	100
Merchandise and finished goods	3,526	4,648
Work in process	5,432	8,692
Raw materials and supplies	263	228
Other current assets	15,884	17,240
Allowance for doubtful accounts	(360)	(283)
Total current assets	162,064	152,502
Fixed assets		
Property and equipment		
Buildings and structures, net	39,990	38,588
Machinery and equipment, net	7,547	7,918
Land	19,373	18,550
Leased assets, net	2,952	2,817
Other property and equipment, net	5,815	5,974
Total property and equipment	75,680	73,849
Intangible assets		
Software	12,506	12,602
Software in progress	4,359	5,994
Goodwill	707	582
Other intangible assets	1,341	1,172
Total intangible assets	18,915	20,351
Investments and other assets		
Investment securities	78,766	66,476
Net defined benefit asset	5,610	5,769
Deferred tax assets	8,958	8,634
Other assets	17,230	16,920
Allowance for doubtful accounts	(271)	(105)
Total investments and other assets	110,293	97,695
Total fixed assets	204,889	191,895
Total assets	366,954	344,397

Items	As of March 31, 2018	As of Dec. 31, 2018
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	23,246	17,912
Short-term borrowings	4,460	6,973
Income taxes payable	6,139	2,109
Accrued bonuses to directors and employees	13,184	6,631
Provision for loss on order received	1,075	694
Other allowances	72	65
Other current liabilities	33,131	36,511
Total current liabilities	81,310	70,897
Non-current liabilities		
Long-term debt	25,482	19,451
Lease obligations	3,997	3,567
Deferred tax liabilities	3,925	1,694
Deferred tax liabilities from revaluation of land	403	272
Accrued retirement benefits to directors	65	56
Other allowances	650	306
Net defined benefit liability	17,296	12,531
Asset retirement obligations	3,471	3,878
Other non-current liabilities	4,051	7,886
Total non-current liabilities	59,344	49,645
Total liabilities	140,655	120,542
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	83,384	83,384
Retained earnings	108,298	121,649
Less treasury stock, at cost	(7,742)	(11,923)
Total shareholders' equity	193,941	203,111
Accumulated other comprehensive income		
Net unrealized gains on other securities	31,922	20,317
Revaluation reserve for land	(2,375)	(2,672)
Foreign currency translation adjustments	128	(278)
Remeasurements of defined benefit plans	(1,983)	(1,460)
Total accumulated other comprehensive income	27,692	15,906
Non-controlling interests	4,664	4,837
Total net assets	226,298	223,855
Total liabilities and net assets	366,954	344,397

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Items	First Three Qtrs., FY2018 (Apr. 1 – Dec. 31, 2017)	First Three Qtrs., FY2019 (Apr. 1 – Dec. 31, 2018)
	millions of yen	millions of yen
Net sales	289,021	302,961
Cost of sales	230,770	236,676
Gross profit	58,251	66,284
Selling, general and administrative expenses	37,554	41,261
Operating income	20,696	25,022
Non-operating income		
Interest income	24	132
Dividend income	1,019	983
Other	574	475
Total non-operating income	1,619	1,591
Non-operating expense		
Interest expenses	253	254
Financing expenses	4	302
Equity in losses of affiliated companies	661	148
Other	439	393
Total non-operating expenses	1,360	1,098
Recurring profit	20,955	25,516
Extraordinary income		
Gain on sale of investment securities	42	13,145
Gain on sales of fixed assets	440	913
Other	7	301
Total extraordinary income	490	14,360
Extraordinary loss		
Impairment loss	512	457
Data center transfer cost	-	8,800
Other	452	3,989
Total extraordinary loss	964	13,247
Income before income taxes	20,481	26,628
Income taxes: current	3,300	6,465
Income taxes: deferred	3,267	2,641
Total income taxes	6,567	9,106
Net income	13,913	17,522
Net income attributable to non-controlling interests	452	542
Net income attributable to owners of the parent company	13,460	16,979

Consolidated Statements of Comprehensive Income

Items	First Three Qtrs., FY2018 (Apr. 1 – Dec. 31, 2017)	First Three Qtrs., FY2019 (Apr. 1 – Dec. 31, 2018)
	millions of yen	millions of yen
Net income	13,913	17,522
Other comprehensive income		
Net unrealized gains on other securities	10,916	(11,589)
Revaluation reserve for land	-	(296)
Foreign currency translation adjustments	93	(327)
Remeasurements of defined benefit plans	157	524
Share of other comprehensive income of equity-method affiliates	3	(127)
Total other comprehensive income	11,170	(11,815)
Comprehensive income	25,083	5,707
(Composition)		
Comprehensive income attributable to owners of the parent company	24,529	5,193
Comprehensive income attributable to non-controlling interests	554	513

(3) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Additional Information)

As the Company has adopted *Partial Amendments to Accounting Standard for Tax Effect Accounting* (ASBJ Statement No.28, February 16, 2018) and other related standards from the beginning of the first quarter of the fiscal year ending March 31, 2019, "deferred tax assets" is presented in the category of investments and other assets, and "deferred tax liabilities" is presented in the category of non-current liabilities.

3. Other Information

INTEC Inc., a consolidated subsidiary of the Company, is currently in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for compensation in connection with services including systems development provided by INTEC Inc. (Amount of compensation demanded: 12,703 million yen; date the complaint was received: December 17, 2018).