

Financial Statements(under Japanese GAAP)

February 10, 2017

Company name	IFIS JAPAN LTD.	Stock Exchange listing	TSE
Code number	7833	URL	http://www.ifis.co.jp
Representative	President	Kazuharu Osawa	
Contact	Director	Hiroki Osawa	TEL 81-(3)6825-1250
Scheduled date of annual shareholder's meeting	March 24, 2017	Scheduled start date of dividend	March 27, 2017
Scheduled submission date of annual security report	March 27, 2017		
Preparation of supplementary material on earnings : Yes			
Holding of earnings performance review : Yes (for analysts)			

(Fractions less than ¥1 million have been omitted.)

1.Consolidated Financial Results for the Fiscal Year Ended December 31, 2016(January 1, 2016 to December 31, 2016)

(1) Consolidated Operating Results

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 2016	4,596	8.4	588	1.0	592	△0.3	373	△2.0
Fiscal year ended December 2015	4,241	14.4	582	53.3	594	51.4	381	43.4

(Note) Comprehensive income (loss) Fiscal year ended December 2016 ¥368 million (△2.4%) Fiscal year ended December 2015 ¥377 million (40.0%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Profit margin on sales
	¥	¥	%	%	%
Fiscal year ended December 2016	38.66	—	14.5	17.8	12.8
Fiscal year ended December 2015	39.47	39.46	16.8	20.9	13.7

(Reference) Earnings on investments in equity-method affiliates Fiscal year ended December 2016 ¥3 million Fiscal year ended December 2015 ¥7million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2016	3,614	2,734	75.6	283.04
Fiscal year ended December 2015	3,057	2,418	79.1	250.36

(Reference) Equity Fiscal year ended December 2016 ¥2,734 million Fiscal year ended December 2015 ¥2,418 million

(3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investment activities	Net cash provided by (used in) financing activities	Closing balance of cash and cash equivalents
	¥ million	¥ million	¥ million	¥ million
Fiscal year ended December 2016	352	△309	△53	1,971
Fiscal year ended December 2015	570	△193	△67	1,982

2. Dividends

	Annual dividends					Total cash dividends	Dividend payout ratio (consolidated)	Dividends on equity (consolidated)
	1 st Qtr	2 nd Qtr	3 rd Qtr	Year-end	Total			
	¥	¥	¥	¥	¥	¥million	%	%
Fiscal year ended December 2015	—	2 00	—	5 50	7 50	72	19.0	3.2
Fiscal year ended December 2016	—	0 00	—	6 50	6 50	62	16.8	2.4
Fiscal year ending December 2017 (Estimated)	—	0 00	—	7 00	7 00	—	—	—

3. Projected Results for Fiscal year 2017 (January 1 to December 31, 2017)

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
First half ending Jun. 2017	2,500	9.9	330	△1.5	300	0.5	217	2.5	22.54
Fiscal year ending Dec. 2017	5,000	8.8	630	7.1	630	6.3	400	7.1	41.40

* Notes

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes in accounting policies, estimates, and restatements:

- 1) Changes in accounting policies in accordance with revisions of accounting standards: Yes
- 2) Changes other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of shares outstanding (common stock)

- | | | | | | |
|------------------|--|---------------------------------|-------------------|---------------------------------|-------------------|
| Number of shares | | | | | |
| 1) | outstanding at term end (including treasury stock) | Fiscal year ended December 2016 | 10,242,000 shares | Fiscal year ended December 2015 | 10,242,000 shares |
| 2) | Number of shares of treasury stock at term end | Fiscal year ended December 2016 | 582,237 shares | Fiscal year ended December 2015 | 582,237 shares |
| 3) | Average number of shares during the period | Fiscal year ended December 2016 | 9,659,763 shares | Fiscal year ended December 2015 | 9,659,763 shares |

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2016(January 1 to December 31, 2016)

(1) Non-Consolidated Operating Results

(Percentages figure represent changes from same period of previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended December 2016	3,053	6.4	511	15.4	514	15.2	337	20.2
Fiscal year ended December 2015	2,869	15.0	443	68.4	446	63.5	280	69.1

	Net income per share	Diluted net income per share
Fiscal year ended December 2016	34.92	—
Fiscal year ended December 2015	29.06	29.06

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
Fiscal year ended December 2016	2,798	2,342	83.7	242.53
Fiscal year ended December 2015	2,485	2,058	82.8	213.11

(Reference) Equity Fiscal year ended December 2016 ¥2,342 million Fiscal year ended December 2015 ¥2,058 million

2. Non-Consolidated earnings forecasts for Fiscal year 2017(January 1 to December 31, 2017)

(Percentages figure represent changes from same period of previous year.)

	Net sales		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥
First half ending Jun. 2017	1,575	3.3	235	△6.4	155	△6.0	16.04
Fiscal year ending Dec. 2017	3,150	3.2	470	△8.6	310	△8.1	32.09

* Disclosure regarding execution of audit procedures

At the time of disclosure of this earnings report, audit procedures in accordance with the Financial Instruments and Exchange Act are in progress.

Note to ensure appropriate use of forecasts, and other noteworthy items

(Cautionary note on forward-looking statements and other information)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

(Means of contents of supplementary material on earnings and earnings performance review)

The Company holds presentations for analysts regarding the six-month and year-end results. Distributed presentation materials and audio recordings from performance reviews are available on the Company's website.

Consolidated Financial Statements
(1) Consolidated balance sheet

(Thousands of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
(Assets)		
Current assets		
Cash and deposits	2,030,368	2,020,748
Notes and accounts receivable-trade	400,422	503,588
Work in process	32,031	62,596
Deferred tax assets	21,871	35,585
Other	102,278	34,923
Allowance for doubtful accounts	△4	—
Total current assets	2,586,967	2,657,441
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	28,054	44,943
Accumulated depreciation	△18,661	△18,957
Buildings and accompanying facilities, Net	9,393	25,985
Tools, furniture and fixtures	160,260	158,864
Accumulated depreciation	△134,656	△120,095
Tools, furniture and fixtures, Net	25,604	38,769
Total Property, plant and equipment	34,997	64,755
Intangible assets		
Goodwill	60,333	460,247
Software	99,219	84,548
Software in progress	9,452	—
Other	1,469	1,469
Total intangible assets	170,475	546,265
Investments and other assets		
Investment securities	115,616	102,307
Stock of affiliated company	2,360	2,360
Affiliated company investments	55,914	54,806
Guarantee deposits	56,566	100,803
Deferred tax assets	24,991	67,390
Other	9,535	18,621
Total investment and other assets	264,983	346,289
Total noncurrent assets	470,456	957,310
Total assets	3,057,424	3,614,752

(Thousands of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Liabilities		
Current liabilities		
Accounts payable-trade	203,402	228,415
Income taxes payable	138,142	184,808
Accounts payable-other	78,743	105,665
Advances received	91,720	128,502
Provision for bonuses	14,901	18,210
Other	94,909	90,181
Total current liabilities	621,820	755,783
Noncurrent liabilities		
Deferred tax liabilities	2,520	4,286
Net defined benefit liability	14,708	14,707
Other	—	105,875
Total noncurrent liabilities	17,228	124,869
Total liabilities	639,049	880,653
Net assets		
Shareholders' equity		
Capital stock	382,510	382,510
Capital surplus	438,310	438,310
Retained earnings	1,661,118	1,981,430
Treasury stock	△77,928	△77,928
Total shareholders' equity	2,404,010	2,724,322
Accumulated other comprehensive income		
Valuation difference on securities (other than subsidiaries and affiliated companies)	△223	△299
Currency adjustment account	14,588	10,076
Total accumulated other comprehensive income	14,365	9,776
Total net assets	2,418,375	2,734,098
Total net liabilities	3,057,424	3,614,752

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

(Thousands of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net sales	4,241,754	4,596,325
Cost of sales	2,661,719	2,810,356
Gross profit	1,580,035	1,785,968
Selling, general and administrative expenses	997,235	1,197,529
Operating income	582,800	588,439
Non-operating income		
Interest income	2,365	1,993
Dividends income	116	166
Investment gain by equity method	7,631	3,405
Foreign exchange gains	123	—
Other	1,122	1,532
Total non-operating income	11,359	7,097
Non-operating expenses		
Interest expenses	44	—
Foreign exchange losses	—	1,974
Other	17	1,061
Total non-operating expenses	61	3,035
Ordinary income	594,098	592,501
Extraordinary income		
Compensation for transfer	—	9,715
Total extraordinary income	—	9,715
Extraordinary loss		
Loss on retirement of noncurrent assets	186	144
Office transfer expenses	—	11,712
Total extraordinary loss	186	11,857
Income before income taxes	593,911	590,359
Income taxes-current	189,730	230,528
Income taxes-deferred	22,926	△13,609
Total income taxes	212,656	216,918
Net income	381,254	373,440
Profit attributable to owners of parent	381,254	373,440

(3) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net cash provided by (used in) operating activities		
Income before income taxes	593,911	590,359
Depreciation and amortization	56,973	62,256
Amortization of goodwill	6,481	30,945
Increase (decrease) in allowance for doubtful accounts)	△789	△4
Increase (decrease) in provision for bonuses	1,909	3,309
Increase (decrease) in net defined benefit liability	697	△1
Interest and dividends income	△2,481	△2,160
Interest expenses	44	—
Investment gain(loss) by equity method	△7,631	△3,405
Loss on retirement of noncurrent assets	186	144
Compensation for removal	—	△9,715
Relocation expenses	—	11,712
Decrease (increase) in notes and accounts receivable-trade	18,183	△92,770
Decrease (increase) in inventories	△9,218	△30,565
Increase (decrease) in notes and accounts payable-trade	35,625	9,332
Increase (decrease) in accrued consumption taxes	△13,044	△19,119
Other	10,511	32,178
Subtotal	691,358	582,498
Interest and dividends income received	3,859	3,425
Interest expenses paid	△44	—
Proceeds from compensation for removal	—	4,935
Payments for removal expenses	—	△8,737
Income taxes paid	△127,646	△230,068
Income taxes refund	3,133	—
Net cash provided by (used in) operating activities	570,659	352,052

(Thousands of yen)

	Fiscal year ended December 31, 2015	Fiscal year ended December 31, 2016
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	△7813	△27,201
Purchase of intangible assets	△22,726	△26,953
Payments for transfer of business	△110,000	△34,538
Proceeds from redemption of securities	10,398	10,360
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△266,707
Proceeds from collection of lease and guarantee deposits	—	△44,060
Proceeds from collection of guarantee deposits	24	2,346
Payments for insurance premium reserve	△960	△1,500
Proceeds from cancellation of insurance funds	—	79,711
Payments into time deposits	△1,201	△1,202
Proceeds from withdrawal of time deposits	10,000	—
Advance payments for business transfer agreement	△70,900	—
Net cash provided by (used in) investment activities	△193,178	△309,746
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	50,000	—
Decrease in short-term loans payable	△50,000	—
Cash dividends paid	△67,618	△53,128
Net cash provided by (used in) financing activities	△67,618	△53,128
Increase (decrease) in cash and cash equivalents	309,862	△10,822
Opening balance of cash and cash equivalents	1,672,497	1,982,360
Closing balance of cash and cash equivalents	1,982,360	1,971,537