Summary of Business Results for the Year Ended March 31, 2013
[Japan GAAP] (Consolidated)

May 9, 2013

Company: **Miroku Jyoho Service Co., Ltd.** Listed on the TSE 1st Section
Stock Code: 9928 URL: http://www.mjs.co.jp
Representative: Hiroki Koreeda, President and COO
Contact: Norio Takimoto, Director, Managing Executive Officer, General Manager of Management Dept. TEL: +81-3-5361-6369

Expected date of annual shareholders' meeting: June 27, 2013 Expected starting date of dividend payment: June 28, 2013
Expected date of filing of annual securities report: June 28, 2013
Preparation of supplementary financial document: Yes
Results briefing: Yes (for analysts)

(Rounded down to million yen)

1. Consolidated business results for the year ended March 2013 (April 1, 2012 through March 31, 2013)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2013	20,922	6.8	2,275	12.4	2,285	14.3	1,187	12.2
Year ended Mar. 2012	19,595	4.5	2,023	34.3	2,000	34.4	1,058	50.1

(Note) Comprehensive income:
Year ended March 2013: 1,273 million yen (18.7%)
Year ended March 2012: 1,072 million yen (54.2%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 2013	38.73	37.10	13.1	14.6	10.9
Year ended Mar. 2012	34.53	33.45	12.8	13.1	10.3

(Reference) Investment earnings/loss on equity-method:
Year ended March 2013: — million yen
Year ended March 2012: — million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2013	15,862	9,539	59.9	310.05
As of Mar. 2012	15,431	8,615	55.8	280.54

(Reference) Shareholders' equity:
As of March 2013: 9,509 million yen
As of March 2012: 8,604 million yen

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 2013	411	-560	-657	3,056
Year ended Mar. 2012	2,570	-546	-1,161	3,863

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 2012	—	0.00	—	12.00	12.00	368	34.8	4.5
Year ended Mar. 2013	—	0.00	—	12.00	12.00	368	31.0	4.1
Year ending Mar. 2014 (forecast)	—	0.00	—	12.00	12.00		27.9	

3. Forecast of consolidated business results for the year ending March 2014
(April 1, 2013 through March 31, 2014)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Sept. 30, 2013	10,740	5.0	1,130	7.7	1,130	6.6	630	4.9	20.54
Year ending Mar. 2014	21,760	4.0	2,380	4.6	2,370	3.7	1,320	11.1	43.04

※Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatement

①Changes in accounting policies associated with revision of accounting standards: : Yes
②Changes in accounting policies other than ① : None
③Changes in accounting estimates : Yes
④Restatement : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)
As of March 2013 34,806,286 shares
As of March 2012 34,806,286 shares

② Treasury stock at the end of period:
As of March 2013 4,135,835 shares
As of March 2012 4,134,860 shares

③ Average number of stock during period
Year ended March 2013 30,671,026 shares
Year ended March 2012 30,665,471 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended March 2013 (April 1, 2012 through March 31, 2013)

(1) Non-consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 2013	19,798	6.0	2,051	8.1	2,065	12.5	1,050	8.8
Year ended Mar. 2012	18,678	7.0	1,898	29.5	1,836	31.7	965	51.3

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 2013	34.25	32.81
Year ended Mar. 2012	31.50	30.51

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2013	15,246	9,156	59.9	297.57
As of Mar. 2012	14,963	8,370	55.9	272.54

(Reference) Shareholders' equity:
As of March 2013: 9,126 million yen
As of March 2012: 8,359 million yen

2. Forecast of non-consolidated business results for the year ending March 2014

(April 1, 2013 through March 31, 2014) (% change from the previous corresponding period)

	Net sales		Operating income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Sept. 30, 2013	10,126	4.6	1,033	8.6	573	6.9	18.68
Year ending Mar. 2014	20,360	2.8	2,130	3.1	1,200	14.2	39.12

※Implementation status of auditing procedures

This financial summary is not subject to auditing procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this report, the auditing procedures of financial statements are being conducted.

※ Explanation regarding appropriate use of business forecasts and other special instructions

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

〇Contents of the attached document

1. Results of operations

(1) Analysis of results of operations

①Results of Operations

In the fiscal year that ended in March 2013, the Japanese economy was supported by reconstruction demand associated with the Great East Japan earthquake. However, the outlook was uncertain because of the yen's prolonged strength and deflation as well as concerns about the effects of the European debt crisis and slowing global economic growth. Following the election of a new ruling party in Japan, signs of a recovery started to emerge in December as the yen weakened and stock prices rose due to expectations concerning new economic and monetary initiatives.

In the software and information services industries, there were indications of a rebound in capital expenditures, including IT-related investments by companies. But the operating environment continued to be challenging as these positive signs did not lead to a full-scale recovery in the willingness of companies to make IT investments.

The Miroku Jyoho Service Group started its second medium-term management plan in April 2011 (March 2012 ～March 2014). This plan has the goals of constantly increasing stable revenues from the Group's customer base and building an operating framework that can adapt with flexibility to many changes in its markets. For example, the Group is creating a more diverse business model that uses Internet technologies.

The Miroku Jyoho Service Group sells "ACELINK NX-Pro," the core software product for accounting offices that achieves the "optimization of management" at accounting offices by improving productivity and supporting the creation of customer services with substantial added value. For middle-market and small and midsize companies, the Group sells "Galileopt NX-I" and "MSJLINK," which are ERP systems centered on finance that can assist customers in reforming management and improving business operations. All systems are capable of adapting to diversifying customer needs associated with changes in the business climate. To provide this flexibility, the Group upgraded comprehensive solution capabilities by continuously reinforcing functions and strengthening ties with external systems.

For small and midsize companies and small business owners, the Group began selling "ACELINK NX-CE Kaikei" and "Miroku no Kantan! Series 7". By taking actions like this, the Group is able to supply the best possible solutions that match the requirements of customers ranging from middle-market companies to small businesses in a broad range of industries and business models. In addition, the Group continued to concentrate on sales of security-related products to support customers' risk management programs. One example is the launch of "SOXBOX NX," an appliance to prevent information leaks as part of IT controls.

R&D activities continued for the provision of new services, such as cloud services that use Internet technology and multi-device services. In 2012, the Group started providing "Keihi-kun," a cloud application for calculating expenses, and a private cloud environment for ERP systems.

To increase the number of customers, the Group took many actions to strengthen the skills of its workforce, including upgrading educational programs. For example, training for project managers, system engineers and sales personnel were enhanced to improve skills for proposing solutions to customers. Furthermore, the "MJS Tax Accounting System Research Institute," which is the Group's think tank, used visiting researchers as instructors to hold classes on highly specialized subjects and solution seminars for specific industries. All these activities were aimed at attracting new customers.

There were many activities involving services in order to increase customer satisfaction. The Group constantly worked on improving quality at its customer service center (call center), shifted hardware and network maintenance services to internal operations, provided continuous training for support personnel, upgraded its management information service, and took other actions.

The Group also took steps to generate stable earnings and increase its corporate value. To accomplish these goals, the Group worked on preserving and enlarging its customer base by supplying customers with the best possible management systems and services of the highest quality.

Taking these actions resulted in growth of sales of the Group major systems for accounting offices and the corporate market as well as revenues from services. As a result, sales and earnings were higher in the fiscal year that ended in March 2013 and earnings rose to an all-time high.

Consolidated net sales were 20,922 million yen (up 6.8% from one year earlier), operating income was 2,275 million yen (up 12.4% from one year earlier), ordinary income was 2,285 million yen (up 14.3% from one year earlier) and net income was 1,187 million yen (up 12.2% from one year earlier).

Results of operations in product categories were as follows.

(System installation contract sales)

Hardware sales were 2,621 million yen, up 22.9% from one year earlier. Software sales were 8,650 million yen, up 2.0% from one year earlier because of higher sales of new products for accounting offices and ERP systems for companies. Useware sales were 2,664 million yen, up 15.1% from one year earlier.

As a result, total system installation contract sales were 13,891 million yen, up 7.8% from one year earlier.

※"System installation contract sales" are the total of sales recorded when a system is newly installed. These sales consist of hardware, software and useware (system installation support services, etc.) sales.

(Service revenues)

Sales from the Total Value Service (TVS), which is a comprehensive maintenance service for accounting offices, increased 0.6% from one year earlier to 1,744 million yen. Software utilization revenues increased 25.0% from one year earlier to 639 million yen due to growth in utilization revenues for low-priced software used by accounting offices. Corporate software operations support service revenues increased 3.3% from one year earlier to 2,695 million yen. Hardware and network maintenance service revenues decreased 0.9% from one year earlier to 1,093 million yen and sales from supplies and office products increased 2.3% from one year earlier to 607 million yen.

As a result, service revenues increased 3.5% from one year earlier to 6,783 million yen.

※"Service revenues" are consistent revenues received primarily from fees for the continuous provision of services. These revenues consist of software maintenance services, hardware and network maintenance services, software utilization fees, and sales of supplies and office products.

YoY sales (Million yen, %)

		Previous fiscal year (From April 1, 2011 to March 31, 2012)		Current fiscal year (From April 1, 2012 to March 31, 2013)		YoY	
		Sales	Pct.	Sales	Pct.	Change	YoY
	Hardware	2,133	10.9	2,621	12.5	487	22.9
	Software	8,440	43.1	8,605	41.1	165	2.0
	Useware	2,315	11.8	2,664	12.7	349	15. 1
System introduction contract sales		12,889	65.8	13,891	66.4	1,002	7.8
	TVS	1,733	8.8	1,744	8.3	10	0.6
	Software updating fees	3	0.0	2	0.0	△0	△18.6
	Software utilization fees	511	2.6	639	3.1	127	25.0
	Software operational support services	2,609	13.3	2,695	12.9	85	3.3
	HW・NW maintenance services	1,103	5.6	1,093	5.2	△10	△0.9
	Supplies and office products	593	3.0	607	2.9	13	2. 3
Service revenues		6,556	33.5	6,783	32.4	226	3.5
Others		149	0.8	246	1.2	97	65. 3
Total		19,595	100.0	20,922	100.0	1,326	6.8

②Outlook for fiscal year ending March 2014

The Japanese economy is beginning to recover because of new economic and monetary policies. But the higher cost of raw materials caused by the yen's weakness is impacting corporate earnings and the outlook for jobs and personal income is unclear. In addition, there are concerns about debt problems in Europe and slowing economic growth in emerging countries. As a result, the Japanese economy is likely to remain uncertain in the current fiscal year.

In the software and information services industries, there are emerging signs of growing willingness to make IT system investments at some large companies. But small and midsize companies will probably retain their cautious stance about making these investments. Due to this situation, the operating environment is expected to remain challenging.

In April 2013, the Group started selling "MJSLINK NX-I," a new ERP system for small and midsize companies. The Group will use this new product to further enlarge the customer base along with sales of major systems for accounting offices. Another goal is stepping up activities to provide new services in order to meet the diversifying needs of customers. One example is cloud services using Internet technology and multi-device services. The Group will also conduct extensive training programs and build a more powerful base of operations in order to aim for steady growth in corporate value.

The forecast for consolidated performance in the fiscal year ending in March 2014 is as follows.

	2nd quarter	Full year
Net sales	10,740 million yen	21,760 million yen
Operating income	1,130 million yen	2,380million yen
Ordinary income	1,130million yen	2,370 million yen
Net income	630 million yen	1,320 million yen

The Group's second medium-term management plan's performance targets for the final year (fiscal year ending March 2014) were net sales of 20.5 billion yen and ordinary income of 2,150 million yen but made upward revisions as shown above.

(2) Analysis of financial position

①Assets, liabilities and net assets

Total assets were 15,862 million yen at the end of March 2013, up 430 million yen from the end of the previous consolidated fiscal year.

In current assets, there were decreases of 707 million yen in cash and deposits, 72 million yen in merchandise, 16 million yen in work in process and 48 million yen in deferred tax assets and increase of 765 million yen in notes and accounts receivable. In fixed assets, there were increases of 124 million yen in investment securities and 421 million yen in software and software development in progress.

Liabilities decreased 493 million yen from the end of the previous consolidated fiscal year to 6,323 million yen. There were increases of 116 million yen in accounts payable-trade, 65 million yen in accounts payable-other, 11 million yen in the allowance for bonuses, 32 million yen in short and long-term debts, decreases of 456 million yen in income taxes payable and 252 million yen in bonds.

Net assets increased 923 million yen to 9,539 million yen and the equity ratio was 59.9%.

②Cash flows

There was a net decrease of 807 million yen in cash and cash equivalents from the end of the previous fiscal year to 3,056 million yen.

(Operating activities)

Net cash provided by operating activities was 411 million yen (compared with 2,570 million yen one year earlier).

This was mainly due to increases of 1,752 million yen in net income before income taxes, 558 million yen in depreciation, 116 million yen in accounts payable, payments of 1,015 million yen in income taxes paid, increase of 764 million yen in accounts receivables and increase of 418 million yen in inventories.

(Investing activities)

Net cash used in investing activities was 560 million yen (compared with 546 million yen one year earlier).

This was mainly due to payments of 220 million yen to acquire tangible fixed assets and 278 million yen to acquire intangible fixed assets.

(Financing activities)

Net cash used in financing activities was 657 million yen (compared with 1,161 million yen one year earlier).

This was mainly due to 369 million yen in dividends paid and reduction of interest-bearing debt.

(Reference) Cash flow-related indicators

	FY3/09	FY3/10	FY3/11	FY3/12	FY3/13
Shareholders' equity ratio	51.9%	51.6%	52.7%	55.8%	59.9%
Shareholders' equity ratio on a market value basis	41.6%	47.1%	45.3%	53.5%	70.4%
Years of debt redemption	6.6 years	2.9 years	3.6 years	1.2 year	6.9 years
Instant coverage ratio	7.1	16.0	13.6	36.4	7.0

(Notes) Equity ratio: Equity/Total assets

Equity ratio on a market value basis: Total market capitalization/Total assets

Years of debt redemption: Interest-bearing debt/cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest expenses paid

1. All indicators are calculated using consolidated financial results.
2. Total market capitalization is calculated by multiplying the final share price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (excluding treasury stock).
3. Cash flows from operating activities refer to net cash provided by (used in) operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt refers to all liabilities on the Consolidated Balance Sheets for which interest is paid. Interest expenses paid refer to interest expenses paid on the Consolidated Statements of Cash Flows.

(3) Basic policy concerning the distribution of profits, and dividend distributions for the current and the following fiscal years

①Policy concerning the determination of dividends from surplus, etc.

Miroku Jyoho Service is dedicated to the stable, long-term distribution of earnings to shareholders. Building a more powerful base of operations and financial position is essential to maintaining the ability to make stable, long-term earnings distributions. Consequently, the fundamental policy for dividends is to make appropriate earnings distributions while taking into account the need to retain earnings.

As stipulated in Article 459, Paragraph 1 of the Company Law, the Articles of Incorporation provide for the payment of an interim dividend with a record date of September 30 based on resolutions of the Board of Directors.

②Dividends from surplus

For the fiscal year that ended in March 2013, Miroku Jyoho service plans to pay a dividend of 12 yen per share. This dividend will require the approval of a resolution at the annual shareholders meeting on June 27, 2013. At this time, the company plans to pay a dividend of 12 yen per share as well for the fiscal year ending in March 2014.

(Resolution)	Total amount of dividend (Thousand yen)	Dividends per share (Yen)	Record date	Effective date
June 27, 2013 Annual shareholders meeting	368,045	12	March 31, 2013	June 28, 2013

(4) Business risks

①Risks involving market conditions

The Miroku Jyoho Service Group develops and sells finance and accounting systems for accounting offices in

Japan and provides management information services. The number of accounting offices in Japan is decreasing because of the increasing number of tax accounting companies and shortage of accountants to take over the offices of retiring accountants. As a result, this market may become smaller. Furthermore, there may be price and other forms of competition in the business software industry that are more intense than expected. Either of these events may have an effect on the Group's performance.

②Risks involving software development

The Miroku Jyoho Service Group has a quality management system that complies with ISO 9001:2008. However, if there is a problem involving a system, there may be an effect on the Group's performance. If there is a rapid change in market conditions in the IT services industry and the Group is unable to keep up with the pace of technological innovation, or if the Group is unable to adapt quickly to revisions to laws and regulations, there may be an effect on the Group's performance. Furthermore, if there is litigation demanding the payment of damages for the alleged infringement on third-party rights of software or other products developed and sold by the Group, there may be an effect on the Group's performance and financial condition.

③Risks involving human resources

People are the most valuable asset in the software industry and the information services industry. As a result, the Group must recruit and train people with outstanding skills in order to retain and expand its customer base. In these two industries, employees tend to change jobs frequently. This is particularly true of younger employees. The Group is taking many actions to hire people by using both periodic recruiting and recruiting people from other companies. If these recruiting activities fail to secure the necessary human resources, there may be an effect on the Group's performance.

④Risks involving information security

The Group holds the information assets of customers in some cases as part of the process of building information systems. To prevent leaks of customer and other information, the Group has received Information Security Management System (ISMS) and Privacy Mark certification. In the event that an information leak occurs, demands for the payment of damages by customers, damage to the Group's reliability as an IT services company and other events may have an effect on the Group's performance and financial condition.

⑤Risks involving natural disasters, etc.

The Group has a nationwide network of sales and support offices in Japan. A major natural disaster that occurs at any of these offices may have an effect on the Group's performance. In addition, most of the Group's product development, procurement, shipping, call center and other operations are located in the Tokyo area. Consequently, a major natural disaster in the Tokyo area may have an effect on the Group's performance and financial condition.

2. Corporate group

The Miroku Jyoho Service Group (Miroku Jyoho Service and its affiliates) consists of the company (Miroku Jyoho Service Co., Ltd.) and three subsidiaries. These companies are engaged primarily in business activities associated with software. The Group's customers are middle-market and small and midsize companies, primarily accounting offices (tax accountants and certified public accountants) and their client companies. The Group develops and sells business application software, sells general-purpose servers and PCs, sells supplies, and provides maintenance, management information, employee training and consulting services. Through these activities, the Group assists customers with management reforms and improving their business processes.

The Group is a single software-related business segment.

The software-related business involves the provision of the following products and services.

<Major products and services in the software-related business>

Items		Description of products or services	Major companies
System installation contract sales	Hardware	Sale of computer hardware (servers, PCs, peripherals, etc.)	Miroku Jyoho Service NTC Co., Ltd.
	Software	Development and sale of business application software, primarily for accounting, tax accounting, sales, payroll and personnel management systems; contracted IT system development	Miroku Jyoho Service NTC Co., Ltd. MSI Co., Ltd. Lead Co., Ltd.
	Useware	Support for the installation of business process application software	Miroku Jyoho Service NTC Co., Ltd. MSI Co., Ltd. Lead Co., Ltd.
Service revenues	TVS (total value service for accounting offices)	Comprehensive maintenance service for accounting offices (program updating service, telephone support service, information provision service, and others)	Miroku Jyoho Service
	Software updating fees	Development and sale of software for updates (update programs)	Miroku Jyoho Service
	Software utilization fees (Software rental service)	Rental of business application software to small companies	Miroku Jyoho Service
	Software operational support service	Comprehensive maintenance service for middle-market and small and midsize companies (program updating service, telephone support service, various information services, and others)	Miroku Jyoho Service NTC Co., Ltd. MSI Co., Ltd. Lead Co., Ltd.
	HW/NW maintenance service	Maintenance service for computer hardware and networks	Miroku Jyoho Service
	Supplies and office products	Sale of supplies and office products	Miroku Jyoho Service

<The Markets of the Miroku Jyoho Group>

The Miroku Jyoho Service Group is engaged in business activities involving software and serves primarily accounting offices and middle market and small and midsize companies, most of which are the customers of these accounting offices. The Group has a nationwide network of 30 sales and support bases in Japan. The Group is a one-stop source of high-quality services by conducting direct sales and support for customers centered on products and services developed by the Group.

①Accounting offices and their client companies

Since its inception, the Group has been dedicated to the mission of “contributing along with accounting offices to the growth of small and midsize companies.” Group companies extend assistance for management reforms and business process improvements at accounting offices. By using solid partnerships with these offices, the Group also helps the small and midsize companies that are the clients of these offices to use IT for improving their business operations.

The Group provides products for accounting offices to perform rational and efficient services to their client companies and creates the optimum service environment at accounting offices. For after-sales services, the Group uses its 30-location nationwide network to extend support that is closely linked to regional markets. This extensive support infrastructure includes a 24-hour call center that never closes. To further improve customer satisfaction, the Group supplies a broad range of management information services involving taxes, business laws, accounting and management.

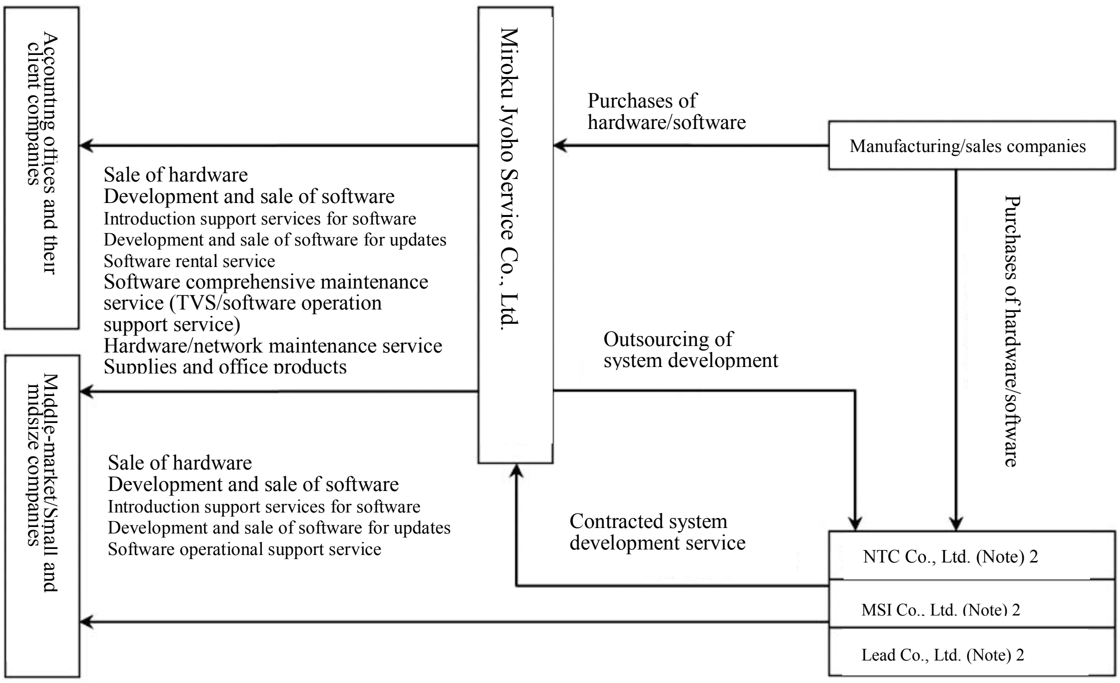
For the client companies of accounting offices, the Group supplies finance and accounting systems that have data sharing compatibility with products sold to accounting offices. There are also many other business systems along with maintenance services for these client companies.

②Middle-market companies and small and midsize companies

For middle-market companies and small and midsize companies, the Group conducts a solutions business that utilizes ERP systems centered on finance and accounting systems.

These solutions support rapid decision-making by optimizing the overall use of a company's resources and facilitating the visualization of management information. These solutions also target a diverse array of customer needs. Examples include compatibility with IFRS (International Financial Reporting Standards), actions to strengthen internal controls and information security measures. Activities encompass consulting to solve customers' management issues, the selection of hardware, the installment of ERP systems, construction of networks and data infrastructures, and follow-up services after a system's installation. Overall, these capabilities make the Group a one-stop source of services that precisely meet the requirements of every customer.

The following diagram shows how the Miroku Jyoho Service Group conducts its business activities.



(Notes) 1. Miroku System Trading Co., Ltd. has been excluded from the scope of consolidation because the company completed its liquidation in March 2013.

2. The subsidiaries in the diagram above are all consolidated subsidiaries.

3. Management policies

(1) Fundamental management policy

The Miroku Jyoho Service Group develops the best possible management systems and management know-how for tax accountant and certified public accountant offices and their client companies and promotes the use of these systems and know-how (consulting sales). Group companies also provide management information services. The fundamental management policy is to use these activities to contribute to the advancement of management at tax accountant and certified public accountant offices and their client companies. Furthermore, the Group is dedicated to using these activities to help enhance the social standing of accountants and increase the prosperity of middle-market and small and midsize companies, chiefly the client companies of these accountants, thereby ultimately playing a role in the advancement of the Japanese economy.

(2) Targeted performance indicators

The Group announced on November 19, 2010 a medium-term management vision covering the six-year period ending in fiscal 2016. Based on this vision, the goal for the final year of this six-year period is raising ordinary income to 15% of net sales.

(3) Issues involving medium and long-term strategies

In the second medium-term management plan (fiscal 2011 to fiscal 2013), to build a foundation for the goal of the third medium-term management plan (fiscal 2014 to fiscal 2016), which is "taking on the challenge of creating new value," the following five central goals have been established in line with the medium-term management vision. To accomplish these goals, group companies will take actions aimed at "establishing technology and management foundations for adapting to changes in the operating environment."

<Medium-to long-term Management Vision (fiscal 2011 to fiscal 2013)>

The Miroku Jyoho Service Group promotes management innovation for our customers by adapting to technical innovation on the internet and evolving to deal with a changing business environment and adopting our customers' viewpoint to provide them with new value (in management systems, management know-how, and management information services) to satisfy them..

～Supporting IT transformation, and promoting growth at SMEs～

<Basic policies on 2nd medium-term management plan>

1	Reinforcing the Group's product line-up and improving the quality of its service offer
2	Launching epoch-making new products onto the market by means of radical revolution in our development structure
3	Fostering the power of the Group's workforce and strengthening its sales structure to increase the number of new customers
4	Building a foundation for creating new businesses
5	Boosting the Group's CSR activities and increasing its earnings power by raising productivity

<Performance targets>

In the second medium-term management plan, the Group's targets for fiscal 2013 were as follows.

・Net sales 20.5 billion yen ・Ordinary income 2,150 million yen ・Ordinary income margin 10.5%

The Miroku Jyoho Service Group performed well supported by customers and stakeholders and was able to achieve its performance targets in the current consolidated fiscal year (fiscal 2012). Accordingly, the Group revised its fiscal 2013 performance targets of the second medium-term management plan upward as follows.

Net sales	21,760 million yen
Ordinary income	2,370 million yen
Ordinary income margin	10.9%

<Issues>

The Miroku Jyoho Service Group was able to achieve its initial performance targets as follows but the Group will keep up the efforts as listed below to achieve the five basic policies in the second medium-term management plan.

①"Strengthen the product line-up and improve the quality of services"

1) To support management innovation through the use of IT at small and midsize companies, the Group will strengthen major products and enlarge its product line-up. At the same time, the Group will use a process of selection and concentration to eliminate and integrate current products as required.
2) The Group will study how to use services to enhance customer satisfaction and increase stable revenues in order to create competitive, high-quality services.

②"Fundamentally alter development operations to launch revolutionary new products"

1) Use enterprise architecture to supply distinctive products (products that are more competitive) with the goal of optimizing management for our customers.

③"Reform the sales framework and strengthen the capabilities of employees to increase the number of new customers"

1) Use area marketing; focus sales resources tightly on strategic areas and establish an order of priorities.
2) Upgrade human resources development programs in order to recruit outstanding people and enhance their ability to create proposals.

④"Build a foundation for the creation of new businesses"

1) Aim for progress and growth in the existing network business.
2) Strengthen the organizational foundation to conduct new businesses and create new business models.
3) Reinforce R&D activities involving new technologies involving cloud computing, multi-devices and other fields.

⑤"Improve productivity to raise earnings and expand CSR activities"

1) Establish training programs that are structured to create a workforce consisting of people with outstanding skills and a global perspective.
2) Use IT strategies to improve business processes across the entire company.

The Group will continue to reexamine its comprehensive risk management (ERM) and business continuity plan (BCP) from the standpoint of preventing disruptions in business activities.

The Group will take many actions regarding these issues and are determined to achieve the targets of its management plan. The entire Miroku Jyoho Service Group has a strong commitment to doing what is needed in order to continue increasing corporate value so that the Group can meet the expectations of all its stakeholders.

4. Consolidated financial statements

(1) Consolidated balance sheet

(Thousand yen)

	Previous fiscal year (March 31, 2012)	Current fiscal year (March 31, 2013)
Assets		
Current assets		
Cash and deposits	3,992,194	3,285,096
Notes and accounts receivable-trade	2,841,824	3,607,317
Securities	100,000	100,000
Merchandise	293,806	220,810
Work in process	158,366	141,651
Supplies	28,521	45,037
Prepaid expenses	316,120	297,852
Deferred tax assets	330,451	282,377
Others	36,100	38,139
Allowance for doubtful accounts	(17,015)	(15,132)
Total current assets	8,080,369	8,003,149
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,497,938	2,552,158
Accumulated depreciation	(1,444,272)	(1,483,388)
Buildings and structures (net amount)	1,053,666	1,068,770
Land	2,729,912	2,728,341
Lease asset	75,636	75,636
Accumulated depreciation	(58,797)	(65,183)
Lease asset (net amount)	16,839	10,453
Others	1,058,741	1,109,447
Accumulated depreciation	(856,060)	(896,112)
Others (net amount)	202,680	213,334
Total tangible fixed assets	4,003,099	4,020,899
Intangible fixed assets		
Goodwill	3,621	—
Software	1,385,469	746,428
Software development in progress	37,794	1,098,142
Others	18,502	17,252
Total intangible fixed assets	1,445,388	1,861,823
Investments and other assets		
Investment securities	848,252	972,933
Long-term prepaid expenses	109,290	122,930
Deferred tax assets	234,197	227,234
Others	727,121	670,906
Allowance for doubtful accounts	(15,947)	(17,554)
Total investments and other assets	1,902,913	1,976,451
Total fixed assets	7,351,401	7,859,175
Total assets	15,431,771	15,862,324

(Thousand yen)

	Previous fiscal year (March 31, 2012)	Current fiscal year (March 31, 2013)
Liabilities		
Current liabilities		
Accounts payable-trade	607,635	724,550
Short-term debt	1,100,000	600,000
Current portion of Long-term debt	467,600	953,200
Current portion of bonds	252,000	380,000
Lease obligation	9,275	4,653
Accrued amount payable	501,134	567,092
Accrued expenses	329,628	326,060
Accrued income taxes	587,555	131,363
Income in advance	765,392	786,965
Reserve for bonuses	484,577	496,200
Reserve for returned goods unsold	24,002	19,793
Provision for loss on orders received	24,434	—
Others	320,990	336,563
Total current liabilities	5,474,224	5,326,442
Fixed liabilities		
Bonds	410,000	30,000
Long-term debt	819,000	865,800
Lease obligation	16,057	11,484
Reserve for employees' retirement benefits	23,873	23,872
Asset retirement obligation	16,929	17,318
Others	56,125	48,205
Total fixed liabilities	1,341,985	996,681
Total liabilities	6,816,209	6,323,123
Net assets		
Shareholders' equity		
Capital	3,198,380	3,198,380
Capital surplus	3,013,389	3,013,389
Retained earnings	3,650,341	4,470,093
Treasury stock	(1,164,953)	(1,165,238)
Total shareholders' equity	8,697,157	9,516,625
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(75,071)	4,916
Unrealized holding gain (loss) on hedges	(17,588)	(12,299)
Total accumulated other comprehensive income	(92,660)	(7,382)
Stock acquisition rights	11,063	29,958
Total net assets	8,615,561	9,539,200
Total liabilities and net assets	15,431,771	15,862,324

(2) Consolidated statement of income and statement of comprehensive income

(Consolidated statement of income)

(Thousand yen)

	Previous fiscal year (from April 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Net sales	19,595,298	20,922,175
Cost of sales	6,850,030	7,440,913
Gross profit	12,745,267	13,481,261
Provision of reserve for returned goods unsold	20,685	24,002
Reversal of reserve for returned goods unsold	24,002	19,793
Gross profit-net	12,741,950	13,485,470
Selling, general and administrative expenses		
Sales promotional expenses	742,895	874,559
Provision of allowance for doubtful accounts	(22,731)	5,631
Salaries and allowances	4,184,567	4,267,805
Provision of reserve for bonuses for employees	389,067	392,802
Others	5,424,388	5,669,447
Total selling, general and administrative expenses	10,718,187	11,210,246
Operating income	2,023,763	2,275,223
Non-operating revenues		
Interest income	4,867	4,471
Dividend income	7,233	10,853
Insurance bonus	14,049	25,784
Subsidy income	10,695	8,237
Rent income	4,838	6,025
Others	8,146	16,334
Total non-operating revenues	49,831	71,706
Non-operating expenses		
Interest expenses	70,326	58,460
Others	3,026	3,022
Total non-operating expenses	73,353	61,482
Ordinary income	2,000,242	2,285,446
Extraordinary profit		
Gain on sale of investment securities	5,191	601
Provision of allowance for doubtful accounts	11,510	—
Total extraordinary profit	16,701	601
Extraordinary loss		
Loss on sale of fixed assets	—	721
Loss on disposal of fixed assets	6,354	2,908
Impairment loss	364	9,588
Loss on sale of investment securities	5,643	1,059
Loss on valuation of investment securities	631	9,999
Settlement money	—	500,000
Others	—	9,315
Total extraordinary loss	12,993	533,594
Net income before income taxes and minority interests	2,003,949	1,752,454
Income taxes-current	911,714	557,223
Income taxes-deferred	33,377	7,421
Total income taxes	945,092	564,644
Income (loss) before minority interests	1,058,856	1,187,809
Net income	1,058,856	1,187,809

(Consolidated statement of comprehensive income)

(Thousand yen)

	Previous fiscal year (from April 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Net income before income taxes and minority interests	1,058,856	1,187,809
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	2,782	79,988
Unrealized holding gain (loss) on hedges	11,050	5,288
Other comprehensive income total	13,833	85,277
Comprehensive income	1,072,690	1,273,086
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,072,690	1,273,086
Comprehensive income attributable to minority shareholders	—	—

(3) Consolidated statements of changes in net assets

(Thousand yen)

	Previous fiscal year (from April 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Shareholders' equity		
Capital		
Balance at beginning of current fiscal year	3,198,299	3,198,380
Changes in current fiscal year		
Issuance of new shares	81	—
Total changes in current fiscal year	81	—
Balance at end of current fiscal year	3,198,380	3,198,380
Capital surplus		
Balance at beginning of current fiscal year	3,013,389	3,013,389
Changes in current fiscal year		
Total changes in current fiscal year	—	—
Balance at end of current fiscal year	3,013,389	3,013,389
Retained earnings		
Balance at beginning of current fiscal year	2,958,590	3,650,341
Changes in current fiscal year		
Dividends from surplus	(367,105)	(368,057)
Net income	1,058,856	1,187,809
Total changes in current fiscal year	691,750	819,752
Balance at end of current fiscal year	3,650,341	4,470,093
Treasury stock		
Balance at beginning of current fiscal year	(1,164,547)	(1,164,953)
Changes in current fiscal year		
Acquisition of treasury stock	(406)	(285)
Total changes in current fiscal year	(406)	(285)
Balance at end of current fiscal year	(1,164,953)	(1,165,238)
Total shareholders' equity		
Balance at beginning of current fiscal year	8,005,732	8,697,157
Changes in current fiscal year		
Issuance of new shares	81	—
Dividends from surplus	(367,105)	(368,057)
Net income	1,058,856	1,187,809
Acquisition of treasury stock	(406)	(285)
Total changes in current fiscal year	691,425	819,467
Balance at end of current fiscal year	8,697,157	9,516,625

(Thousand yen)

	Previous fiscal year (from April 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Total accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities		
Balance at beginning of current fiscal year	(77,854)	(75,071)
Changes in current fiscal year		
Changes in items other than shareholders' equity (net amount)	2,782	79,988
Total changes in current fiscal year	2,782	79,988
Balance at end of current fiscal year	(75,071)	4,916
Unrealized holding gain (loss) on hedges		
Balance at beginning of current fiscal year	(28,639)	(17,588)
Changes in current fiscal year		
Changes in items other than shareholders' equity (net amount)	11,050	5,288
Total changes in current fiscal year	11,050	5,288
Balance at end of current fiscal year	(17,588)	(12,299)
Total accumulated other comprehensive income		
Balance at beginning of current fiscal year	(106,493)	(92,660)
Changes in current fiscal year		
Changes in items other than shareholders' equity (net amount)	13,833	85,277
Total changes in current fiscal year	13,833	85,277
Balance at end of current fiscal year	(92,660)	(7,382)
Stock acquisition rights		
Balance at beginning of current fiscal year	—	11,063
Changes in current fiscal year		
Changes in items other than shareholders' equity (net amount)	11,063	18,894
Total changes in current fiscal year	11,063	18,894
Balance at end of current fiscal year	11,063	29,958
Total net assets		
Balance at beginning of current fiscal year	7,899,238	8,615,561
Changes in current fiscal year		
Issuance of new shares	81	—
Dividends from surplus	(367,105)	(368,057)
Net income	1,058,856	1,187,809
Acquisition of treasury stock	(406)	(285)
Changes in items other than shareholders' equity (net amount)	24,897	104,172
Total changes in current fiscal year	716,322	923,639
Balance at end of current fiscal year	8,615,561	9,539,200

(4) Consolidated statement of cash flow

(Thousand yen)

	Previous fiscal year (from April 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Cash flows from operating activities		
Net income before income taxes	2,003,949	1,752,454
Depreciation and amortization	542,712	558,629
Impairment loss	364	9,588
Amortization of goodwill	8,958	3,621
Stock-based compensation expenses	11,063	18,894
Increase (decrease) in allowance for doubtful accounts	(31,569)	(277)
Increase (decrease) in reserve for bonuses for employees	63,743	11,622
Increase (decrease) in reserve for directors' bonuses	(30,000)	—
Increase (decrease) in provision for loss on orders received	24,434	(24,434)
Increase (decrease) in reserve for returned goods unsold	3,316	(4,208)
Increase (decrease) in reserve for employees' retirement benefits	3,122	(0)
Interest income and dividend income	(12,101)	(15,324)
Interest expenses	70,326	58,460
Settlement money	—	500,000
Loss (gain) on sale of investment securities	452	458
Loss (gain) on valuation of investment securities	631	9,999
Loss (gain) on disposal or sale of fixed assets	6,354	3,630
Decrease (increase) in accounts receivables	371,683	(764,652)
Decrease (increase) in inventories	(29,667)	(418,840)
Increase (decrease) in accounts payable	3,179	116,915
Others	309,634	109,842
Subtotal	3,320,590	1,926,380
Income taxes paid	(749,736)	(1,015,172)
Settlement money paid	—	(500,000)
Cash flows from operating activities	2,570,853	411,207
Cash flows from investing activities		
Payments for time deposits	(228,389)	(328,397)
Proceeds from withdrawal of time deposits	128,374	228,389
Payments for acquisition of tangible fixed assets	(157,577)	(220,642)
Proceeds from sale of tangible fixed assets	—	66
Payments for acquisition of intangible fixed assets	(167,584)	(278,728)
Payments for acquisition of investment securities	(301,199)	(13,500)
Proceeds from sale of investment securities	52,569	2,376
Proceeds from redemption of investment securities	100,000	—
Payments for insurance reserve fund	(5,380)	(44,626)
Proceeds from cancellation of insurance reserve fund	—	86,280
Purchase of long-term prepaid expenses	(15,832)	(14,719)
Interest and dividends received	11,976	14,982
Others	36,448	7,549
Cash flows from investing activities	(546,595)	(560,969)

(Thousand yen)

	Previous fiscal year (from April 1, 2011 to March 31, 2012)	Current fiscal year (from April 1, 2012 to March 31, 2013)
Cash flows from financing activities		
Proceeds from short-term debt	3,710,000	2,390,000
Repayment of short-term debt	(3,710,000)	(2,890,000)
Proceeds from long-term debt	—	1,000,000
Repayment of long-term debt	(461,185)	(467,600)
Payments for redemption of bonds	(244,000)	(252,000)
Proceeds from issuance of shares	81	—
Payments for acquisition of treasury stock	(406)	(285)
Dividends paid	(367,626)	(369,288)
Interest paid	(70,539)	(58,977)
Others	(18,044)	(9,194)
Cash flows from financing activities	(1,161,720)	(657,344)
Increase (decrease) in cash and cash equivalents	862,537	(807,105)
Cash and cash equivalents at beginning of year	3,001,266	3,863,804
Cash and cash equivalents at end of year	3,863,804	3,056,698