

Summary of Business Results for the Fiscal Year Ended March 31, 2014

[Japan GAAP] (Consolidated)

May 9, 2014

Company **Miroku Jyoho Service Co., Ltd.**
 Stock Code 9928 URL: <http://www.mjs.co.jp>
 Representative Hiroki Koreeda, President and COO

Listed on the TSE 1st Section

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Expected date of annual shareholders' meeting: June 27, 2014

Expected starting date of dividend payment: June 30, 2014

Expected date of filing of annual securities report: June 30, 2014

Preparation of supplementary financial document: Yes

Results briefing: Yes (for analysts)

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended March 2014

(April 1, 2013 through March 31, 2014)

(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. 2014	22,077	5.5	2,390	5.1	2,422	6.0	1,389	16.9
Year ended Mar. 2013	20,922	6.8	2,275	12.4	2,285	14.3	1,187	12.2

(Note) Comprehensive income:

Year ended March 2014: 3,197 million yen (151.1%)

Year ended March 2013: 1,273 million yen (18.7%)

	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. 2014	45.29	42.65	12.7	13.7	10.8
Year ended Mar. 2013	38.73	37.10	13.1	14.6	10.9

(Reference) Investment earnings/loss on equity-method:

Year ended March 2014: 9 million yen

Year ended March 2013: - 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. 2014	19,384	12,385	63.6	402.29
As of Mar. 2013	15,862	9,539	59.9	310.05

(Reference) Shareholders' equity:

As of March 2014: 12,337 million yen

As of March 2013: 9,509 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. 2014	3,179	-399	-1,253	4,582
Year ended Mar. 2013	411	-560	-657	3,056

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. 2013	-	0.00	-	12.00	12.00	368	31.0	4.1
Year ended Mar. 2014	-	0.00	-	15.00	15.00	460	33.1	4.2
Year ending Mar. 2015 (forecast)	-	0.00	-	15.00	15.00		30.5	

3. Forecast of consolidated business results for the fiscal year ending March 2015

(April 1, 2014 through March 31, 2015)

(% 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, 2014	11,160	5.1	1,170	1.1	1,190	0.8	700	3.8	22.82
Year ending Mar. 2015	22,590	2.3	2,520	5.4	2,540	4.8	1,510	8.7	49.23

*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

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

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of March 2014	34,806,286 shares
As of March 2013	34,806,286 shares

② Treasury stock at the end of period:

As of March 2014	4,137,269 shares
As of March 2013	4,135,835 shares

③ Average number of stock during period

Year ended March 2014	30,669,795 shares
Year ended March 2013	30,671,026 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended March 2014

(April 1, 2013 through March 31, 2014)

(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. 2014	20,748	4.8	2,157	5.1	2,208	6.9	1,253	19.4
Year ended Mar. 2013	19,798	6.0	2,051	8.1	2,065	12.5	1,050	8.8

	Net income per share	Yen	Diluted net income per share	Yen
Year ended Mar. 2014	40.89		38.50	
Year ended Mar. 2013	34.25		32.81	

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 2014	18,676	11,867	63.3	385.39
As of Mar. 2013	15,246	9,156	59.9	297.57

(Reference) Shareholders' equity:

As of March 2014: 11,819 million yen

As of March 2013: 9,126 million yen

2. Forecast of non-consolidated business results for the fiscal year ending March 2015

(April 1, 2014 through March 31, 2015)

(% change from the previous corresponding period)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Sept. 30, 2014	10,520	4.6	1,130	0.2	680	4.5	22.17
Year ending Mar. 2015	21,150	1.9	2,310	4.6	1,370	9.3	44.67

***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.

1. Results of operations

(1) Analysis of results of operations

① Results of operations

In the fiscal year that ended in March 2014, the Japanese economy continued to stage a steady recovery as signs of improvement were seen in capital expenditure in response to improvement in corporate earnings in an environment of yen weakness and rising share prices in reaction to economic and fiscal stimulatory measures taken by the government and the Bank of Japan. Moreover, there was further positive impact from improvement in the environment for employment and personal income and additional stimulation from rush-demand ahead of the introduction of the hike in the consumption tax rate, among other factors.

In the software and information services industries, there were signs of a rebound in IT-related investments and capital expenditures by companies and so the operating environment continues to head towards a full-scale recovery.

The Miroku Jyoho Service Group completed the final year of its second medium-term management plan (March 2012 ~March 2014). The Group has been wholeheartedly in engaging in meeting 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.

In this connection, the Miroku Jyoho Service Group provides "ACELINK NX-Pro," a software product for tax accountant and CPA firms that the Group developed. This enterprise resource planning (ERP) system achieves the "optimization of management" at tax accountant and CPA firms by improving productivity and supporting the creation of customer services with substantial added value. Furthermore, the Miroku Jyoho Service Group has newly developed and launched two software products for clients of tax accountant and CPA firms, "iCompass NX" and "ACELINK NX Kichoukun" which are new cloud-based IDC (internet data center) systems that seamlessly provide data to tax accountant and CPA firm. This product supports the achievement of even higher levels of operational efficiency for tax accountant and CPA firms and their clients. Furthermore, the Miroku Jyoho Service Group has also established a specialist organization to take on the challenge of supporting smooth business succession and deal with problems with this process arising from the ageing of office heads at tax accountant and CPA firms, and other related issues.

With "MJSLINK I," a new ERP system for small and midsize companies that the Group launched last April, it aims to positively the market for which it is intended. The Group has also continuously strived to strengthen the functionalities of the "Galileopt NX-I" ERP system aimed at midsize companies in order to meet customers' diversifying needs. It has achieved this by relating smart devices to workflow system and developing and providing options systems for managing foreign-currency-denominated bond liabilities amongst other products. Furthermore, the Group is working on reinforcing comprehensive solutions for all its systems, by means of boosting continuous functionality and by planning to strengthen links with external systems, as well as dealing with the impact of the hike in the consumption tax rate that was implemented in April this year. As part of this process, the Group initiated a capital and operational relationship with the Primal Co., Ltd., which is engaged in the development and sale of consolidated accounting systems, in October last year. This aims to provide solutions to support group managements across a wide-ranging spectrum in all areas from the transition from parent accounting to consolidated accounting, to corporate data and information disclosure, and even as far as consolidated taxation. From now on, both companies' specialist areas of strength will be exploited, and businesses developed with an eye to the future, to jointly develop advanced systems to make use of XBRL.

On the sales side, the Group has held hand-on business seminars nationwide across Japan to address the issue that is of such great interest to our customers: the revision of the Consumption Tax Law and how to maximise the efficiency of the accounting process and operations to deal with it. As well as sponsoring presentations of its mainline products at general events for the sake of personnel and organizational strategy, the Group has also been driving ahead with developing new customers and relationships, and focus on staff training to reinforce the Group's ability to present its solutions to its customers effectively.

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.

Moreover, the Group has been making steady and sustained progress with new product development and in the provision of new services including interfacing with cloud services and various multi-devices using internet technology. One instance of this was the inauguration of three new, free-of-charge items in the "Money Tracker" series of multi-device-compatible money management applications for individuals, in September last year. Furthermore, the number of members registered on the "bizocean" business information site that supports businesspersons in small-to-midsize businesses and venture companies broke through the 1.1 million-member mark and the Group is doing all it can to boost its drive into the B to C business by exploiting Internet technology.

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 tax accountant and CPA firms 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 2014 and earnings rose to an all-time high for the third consecutive year.

Consolidated net sales were 22,077 million yen (up 5.5% from one year earlier), operating income was 2,390 million yen (up 5.1% from one year earlier), ordinary income was 2,422 million yen (up 6.0% from one year earlier) and net income was 1,389 million yen (up 16.9% from one year earlier).

Results of operations in product categories were as follows.

(System installation contract sales)

Hardware sales were 2,717 million yen, up 3.7% from one year earlier. Software sales were 9,176 million yen, up 6.6% from one year earlier because of higher sales of new products for tax accountant and CPA firms and ERP systems for companies. Useware sales were 2,646 million yen, up 0.7% from one year earlier.

As a result, total system installation contract sales were 14,541 million yen, up 4.7% 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 tax accountant and CPA firms, increased 2.0% from one year earlier to 1,779 million yen. Software utilization revenues increased 11.6% from one year earlier to 713 million yen due to growth in utilization revenues for low-priced software used by tax accountant and CPA firms. Corporate software operations support service revenues increased 9.6% from one year earlier to 2,953 million yen because the number of contracts increased resulting from developing new clients. Hardware and network maintenance service revenues decreased 1.9% from one year earlier to 1,073

million yen and sales from supplies and office products increased 7.1% from one year earlier to 650 million yen.

As a result, service revenues increased 5.7% from one year earlier to 7,173 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, 2012 to March 31, 2013)		Current fiscal year (From April 1, 2013 to March 31, 2014)		YoY	
		Sales	Pct.	Sales	Pct.	Change	YoY
	Hardware	2,621	12.5	2,717	12.3	96	3.7
	Software	8,605	41.1	9,176	41.6	570	6.6
	Ueware	2,664	12.7	2,646	12.0	-17	-0.7
	System introduction contract sales	13,891	66.4	14,541	65.9	649	4.7
	TVS	1,744	8.3	1,779	8.1	35	2.0
	Software updating fees	2	0.0	2	0.0	-0	-12.6
	Software utilization fees	639	3.1	713	3.2	74	11.6
	Software operational support services	2,695	12.9	2,953	13.4	257	9.6
	HW · NW maintenance services	1,093	5.2	1,073	4.9	-20	-1.9
	Supplies and office products	607	2.9	650	2.9	43	7.1
	Service revenues	6,783	32.4	7,173	32.5	389	5.7
	Others	246	1.2	362	1.6	116	47.1
	Total	20,922	100.0	22,077	100.0	1,155	5.5

②Outlook for fiscal year ending March 2014

The Miroku Jyoho Service Group believes that the outlook for the domestic Japanese economy will, despite concerns about a reflex backlash from the rush of demand ahead of the hike in the consumption tax rate and a slowdown in the recovery in economic activity in response to lower real earnings as a result of rising consumer prices, probably remain on a gently recovering track. This is because of the beneficial impact of an environment in which the policies of the government and the financial easing measures implemented by the Bank of Japan continue to drive a virtuous cycle of recovery.

The Miroku Jyoho Service Group therefore anticipates that demand for investment in IT will steadily grow and that the software industry and the information services sector will enjoy the benefits of an improvement in corporate earnings as a result of a gradual recovery in the general economy and in economic sentiment.

The Miroku Jyoho Group is pressing ahead with expanding sales of its “MJSLINK NX-I” ERP system for small-to-midsize businesses “Galileopt NX-I” ERP system for midsize businesses that were launched last year. It is making particularly positive progress with developing new customers, and is pouring all its efforts into expanding its client base still further. Moreover, the Group is also striving hard to reinforce its drive to provide new services and to meet the diversifying needs of its customers by exploiting Internet technology to interface with cloud services and multi-device functionalities. The continuous challenge raising the Group’s corporate value is being met by thoroughgoing planning for the training of its staff, positive initiatives aimed at developing new business operations, and developments aimed at establishing a stronger and more robust management platform.

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

	2 nd quarter	Full year
Net sales	11,160 million yen	22,590 million yen
Operating income	1,170 million yen	2,520million yen
Ordinary income	1,190 million yen	2,540 million yen
Net income	700 million yen	1,510 million yen

(2) Analysis of financial position

① Assets, liabilities and net assets

Total assets were 19,384 million yen at the end of March 2014, up 3,521 million yen from one year earlier. In current assets, there were increases of 1,026 million yen in cash and deposits, 500 million yen in short-term investment securities and 213 million yen in finished products, and a 617 million yen decrease in notes and accounts receivable and a 33 million yen decrease in work in progress. In noncurrent assets, there was an increase of 2,792 million yen in investment securities and a decrease of 344 million yen in software and software development in progress.

Liabilities increased 675 million yen to 6,998 million yen. There were increases of 596 million yen in income and other taxes payable, 44 million yen in reserve for returned goods unsold and 897 million yen in deferred taxes payable and decreases of 52 million yen in prepayments, 453 million yen in short and long-term debts, and 380 million yen in bonds.

Net assets increased 2,846 million yen to 12,385 million yen and the equity ratio was 63.6%.

② Cash flows

There was a net increase of 1,526 million yen in cash and cash equivalents from the end of the previous fiscal year to 4,582 million yen.

(Operating activities)

Net cash provided by operating activities was 3,179 million yen (compared with 411 million yen one year earlier). The increase was mainly due to net income before income taxes and minority interests of 2,420 million yen, depreciation and amortization of 616 million yen, and a reduction of 625 million yen in sales receivables resulting in cash flow income. Payment of corporate and other taxes of 369 million yen, and a lower amount for reserves for bad debts of 17 million yen resulted in cash outflows.

(Investing activities)

Net cash used in investing activities was 399 million yen (compared with 560 million yen one year earlier). The decrease was mainly due to payments for time deposits of 228 million yen, of 162 million yen for the acquisition of tangible fixed assets, and of 287 million yen for the acquisition of intangible fixed assets, although there was cash flow income of 328 million yen due to repayments of time deposits.

(Financing activities)

Net cash used in financing activities was 1,253 million yen (compared with 657 million yen one year earlier). The increase was mainly due to repayment of long-term debts of 1,053 million yen, repayments for the redemption of bonds of 380 million yen, and the payment of 368 million yen in dividends to shareholders, although there was cash flow income of 600 million yen due to an increase in long-term debt.

(Reference) Cash flow-related indicators

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Shareholders' equity ratio	51.6%	52.7%	55.8%	59.9%	63.6%
Shareholders' equity ratio on a market value basis	47.1%	45.3%	53.5%	70.4%	65.7%
Years of debt redemption	2.9 years	3.6 years	1.2 year	6.9 years	0.6 years
Instant coverage ratio	16.0	13.6	36.4	7.0	76.5

(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 2014, Miroku Jyoho service plans to pay a dividend of 15 yen per share. This dividend will require the approval of a resolution at the annual shareholders meeting on June 27, 2014. At this time, the company plans to pay a dividend of 15 yen per share as well for the fiscal year ending in March 2015.

(Resolution)	Total amount of dividend (Thousand yen)	Dividends per share (Yen)	Record date	Effective date
June 27, 2014 Annual shareholders meeting	460,035	15	March 31, 2014	June 30, 2014

(4) Business risks

①Risks involving market conditions

The Miroku Jyoho Service Group develops and sells finance and accounting systems for tax accountant and

CPA firms in Japan and provides management information services. The number of tax accountant and CPA firms 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 due mainly to the innovation of computer technology and change in business model. 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 small and midsize companies, primarily tax accountant and CPA firms 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. Primal Inc.
	Useware	Support for the installation of business process application software	Miroku Jyoho Service NTC Co., Ltd. MSI Co., Ltd. Lead Co., Ltd. Primal Inc.
Service revenues	TVS (total value service for tax accountant and CPA firm)	Comprehensive maintenance service for tax accountant and CPA firm (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 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. Primal Inc.
	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 tax accountant and CPA firms and small and midsize companies, most of which are the customers of these tax accountant and CPA firms. 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.

① Tax accountant and CPA firms and their client companies

Since its inception, the Group has been dedicated to the mission of “contributing along with tax accountant and CPA firms to the growth of small and midsize companies.” Group companies extend assistance for management reforms and business process improvements at tax accountant and CPA firms. 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 tax accountant and CPA firms to perform rational and efficient services to their client companies and creates the optimum service environment at tax accountant and CPA firms. 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.

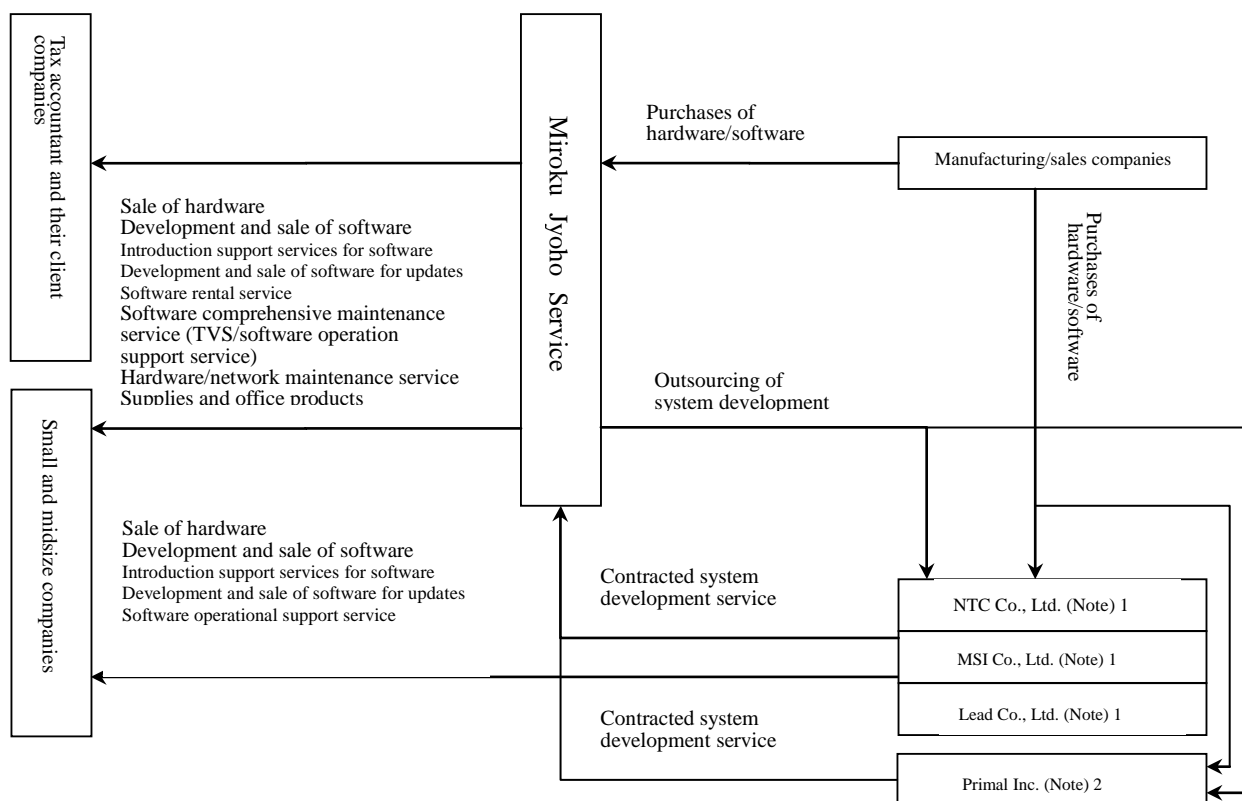
For the client companies of tax accountant and CPA firms, the Group supplies finance and accounting systems that have data sharing compatibility with products sold to tax accountant and CPA firms. There are also many other business systems along with maintenance services for these client companies.

② Small and midsize companies

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

2. Primal Inc. became an equity-method affiliate from the current consolidated fiscal year because the Miroku Jyoho Service Group acquired its shares.

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 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.

<Medium-to long-term Management Vision>

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~

(3) Issues involving medium and long-term strategies

Regarding the medium-term management policies, the Miroku Jyoho Service Group plans to announce the third medium-term management plan (fiscal 2014 – fiscal 2016) on May 19, 2014.

In the second medium-term management plan (fiscal 2011 – fiscal 2013), the Group established following five central goals but the following items to be worked on as priority issues are included in the third medium-term management plan.

<Basic policies on 2nd medium-term management plan (fiscal 2011 – fiscal 2013)>

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

<Issues to be worked on as priority issues>

- 1) Effective use of development resources due to the selection and concentration of products and services
Focus on products to be strengthened and introduce many development resources into the product development to develop products that are more competitive.
- 2) Appropriate placement of sales and support personnel due to area marketing
Focus sales and support capabilities tightly on strategic areas.
- 3) Strengthen and build a mechanism for the creation of new businesses

Strengthen the organizational foundation to conduct new businesses and create new business models.

By executing the third medium-term management plan (to be announced on May 19, 2014) based on medium-term management vision, the 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, 2013)	Current fiscal year (March 31, 2014)
Assets		
Current assets		
Cash and deposits	3,285,096	4,311,247
Notes and accounts receivable-trade	3,607,317	2,989,914
Securities	100,000	600,000
Merchandise	220,810	434,410
Work in process	141,651	108,339
Supplies	45,037	46,938
Prepaid expenses	297,852	280,468
Deferred tax assets	282,377	330,510
Others	38,139	204,644
Allowance for doubtful accounts	-15,132	-7,459
Total current assets	8,003,149	9,299,014
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,552,158	2,546,723
Accumulated depreciation	-1,483,388	-1,537,920
Buildings and structures (net amount)	1,068,770	1,008,803
Land	2,728,341	2,728,341
Lease asset	75,636	98,188
Accumulated depreciation	-65,183	-55,097
Lease asset (net amount)	10,453	43,091
Others	1,109,447	1,077,269
Accumulated depreciation	-896,112	-840,446
Others (net amount)	213,334	236,822
Total tangible fixed assets	4,020,899	4,017,057
Intangible fixed assets		
Software	746,428	1,359,804
Software development in progress	1,098,142	139,928
Others	17,252	16,859
Total intangible fixed assets	1,861,823	1,516,593
Investments and other assets		
Investment securities	972,933	3,765,705
Long-term prepaid expenses	122,930	131,749
Deferred tax assets	227,234	19,159
Others	670,906	641,256
Allowance for doubtful accounts	-17,554	-6,404
Total investments and other assets	1,976,451	4,551,466
Total fixed assets	7,859,175	10,085,117
Total assets	15,862,324	19,384,131

(Thousand yen)

	Previous fiscal year (March 31, 2013)	Current fiscal year (March 31, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	724,550	753,285
Short-term debt	600,000	600,000
Current portion of bonds	380,000	30,000
Current portion of Long-term debt	953,200	545,000
Lease obligation	4,653	10,365
Accrued amount payable	567,092	514,767
Accrued expenses	326,060	328,647
Accrued income taxes	131,363	727,999
Income in advance	786,965	822,478
Reserve for bonuses	496,200	510,031
Reserve for returned goods unsold	19,793	64,313
Others	336,563	253,761
Total current liabilities	5,326,442	5,160,650
Fixed liabilities		
Bonds	30,000	-
Long-term debt	865,800	820,400
Lease obligation	11,484	37,342
Deferred tax liability	-	897,453
Reserve for employees' retirement benefits	23,872	-
Liabilities related to retirement benefits	-	21,751
Asset retirement obligation	17,318	17,716
Others	48,205	43,438
Total fixed liabilities	996,681	1,838,102
Total liabilities	6,323,123	6,998,753
Net assets		
Shareholders' equity		
Capital	3,198,380	3,198,380
Capital surplus	3,013,389	3,013,389
Retained earnings	4,470,093	5,491,174
Treasury stock	-1,165,238	-1,165,792
Total shareholders' equity	9,516,625	10,537,151
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	4,916	1,807,580
Unrealized holding gain (loss) on hedges	-12,299	-6,899
Total accumulated other comprehensive income	-7,382	1,800,681
Stock acquisition rights	29,958	47,545
Total net assets	9,539,200	12,385,378
Total liabilities and net assets	15,862,324	19,384,131

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

(Consolidated statement of income)

(Thousand yen)

	Previous fiscal year (from April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Net sales	20,922,175	22,077,622
Cost of sales	7,440,913	8,318,622
Gross profit	13,481,261	13,758,999
Provision of reserve for returned goods unsold	24,002	19,793
Reversal of reserve for returned goods unsold	19,793	64,313
Gross profit-net	13,485,470	13,714,479
Selling, general and administrative expenses		
Sales promotional expenses	874,559	951,802
Provision of allowance for doubtful accounts	5,631	-4,946
Salaries and allowances	4,267,805	4,256,777
Provision of reserve for bonuses for employees	392,802	399,138
Others	5,669,447	5,721,541
Total selling, general and administrative expenses	11,210,246	11,324,314
Operating income	2,275,223	2,390,165
Non-operating revenues		
Interest income	4,471	4,729
Dividend income	10,853	14,447
Insurance bonus	25,784	25,310
Rent income	6,025	5,145
Investment gain on equity method	-	9,843
Others	24,571	16,773
Total non-operating revenues	71,706	76,250
Non-operating expenses		
Interest expenses	58,460	40,871
Others	3,022	2,784
Total non-operating expenses	61,482	43,655
Ordinary income	2,285,446	2,422,760
Extraordinary profit		
Gain on sale of investment securities	601	934
Gain on sale of membership rights	-	1,390
Total extraordinary profit	601	2,324
Extraordinary loss		
Loss on sale of fixed assets	721	-
Loss on disposal of fixed assets	2,908	3,218
Impairment loss	9,588	218
Loss on sale of investment securities	1,059	-
Loss on sale of membership rights	-	1,413
Loss on valuation of investment securities	9,999	-
Settlement money	500,000	-
Others	9,315	-
Total extraordinary loss	533,594	4,850
Net income before income taxes and minority interests	1,752,454	2,420,234
Income taxes-current	557,223	968,803
Income taxes-deferred	7,421	62,305
Total income taxes	564,644	1,031,108
Income (loss) before minority interests	1,187,809	1,389,126
Net income	1,187,809	1,389,126

(Consolidated statement of comprehensive income)

(Thousand yen)

	Previous fiscal year (from April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Net income before income taxes and minority interests	1,187,809	1,389,126
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	79,988	1,802,663
Unrealized holding gain (loss) on hedges	5,288	5,400
Other comprehensive income total	85,277	1,808,064
Comprehensive income	1,273,086	3,197,190
(Breakdown)		
Comprehensive income attributable to parent company shareholders	1,273,086	3,197,190
Comprehensive income attributable to minority shareholders	-	-

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (from April 1, 2012 to March 31, 2013)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Capital	Capital surplus	Total shareholders' equity
Balance at beginning of current fiscal year	3,198,380	3,013,389	3,650,341	-1,164,953	8,697,157
Changes in current fiscal year					
Dividends from surplus			-368,057		-368,057
Net income			1,187,809		1,187,809
Acquisition of treasury stock				-285	-285
Changes in items other than shareholders' equity (net amount)					
Total changes in current fiscal year	-	-	819,752	-285	819,467
Balance at end of current fiscal year	3,198,380	3,013,389	4,470,093	-1,165,238	9,516,625

	Accumulated other comprehensive income			Stock acquisition rights	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Unrealized holding gain (loss) on hedges	Total accumulated other comprehensive income		
Balance at beginning of current fiscal year	-75,071	-17,588	-92,660	11,063	8,615,561
Changes in current fiscal year					
Dividends from surplus					-368,057
Net income					1,187,809
Acquisition of treasury stock					-285
Changes in items other than shareholders' equity (net amount)	79,988	5,288	85,277	18,894	104,172
Total changes in current fiscal year	79,988	5,288	85,277	18,894	923,639
Balance at end of current fiscal year	4,916	-12,299	-7,382	29,958	9,539,200

Consolidated statements of changes in net assets

Current consolidated fiscal year (from April 1, 2013 to March 31, 2014)

(Thousand yen)

	Shareholders' equity				
	Capital	Capital surplus	Capital	Capital surplus	Total shareholders' equity
Balance at beginning of current fiscal year	3,198,380	3,013,389	4,470,093	-1,165,238	9,516,625
Changes in current fiscal year					
Dividends from surplus			-368,045		-368,045
Net income			1,389,126		1,389,126
Acquisition of treasury stock				-554	-554
Changes in items other than shareholders' equity (net amount)					
Total changes in current fiscal year	-	-	1,021,081	-554	1,020,526
Balance at end of current fiscal year	3,198,380	3,013,389	5,491,174	-1,165,792	10,537,151

	Accumulated other comprehensive income			Stock acquisition rights	Total net assets
	Unrealized gain (loss) on available-for-sale securities	Unrealized holding gain (loss) on hedges	Total accumulated other comprehensive income		
Balance at beginning of current fiscal year	4,916	-12,299	-7,382	29,958	9,539,200
Changes in current fiscal year					
Dividends from surplus					-368,045
Net income					1,389,126
Acquisition of treasury stock					-554
Changes in items other than shareholders' equity (net amount)	1,802,663	5,400	1,808,064	17,587	1,825,651
Total changes in current fiscal year	1,802,663	5,400	1,808,064	17,587	2,846,177
Balance at end of current fiscal year	1,807,580	-6,899	1,800,681	47,545	12,385,378

(4) Consolidated statement of cash flow

(Thousand yen)

	Previous fiscal year (from April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Net income before income taxes	1,752,454	2,420,234
Depreciation and amortization	558,629	616,930
Impairment loss	9,588	218
Amortization of goodwill	3,621	-
Stock-based compensation expenses	18,894	17,587
Increase (decrease) in allowance for doubtful accounts	-277	-17,832
Increase (decrease) in reserve for bonuses for employees	11,622	13,831
Increase (decrease) in provision for loss on orders received	-24,434	-
Increase (decrease) in reserve for returned goods unsold	-4,208	44,520
Increase (decrease) in reserve for employees' retirement benefits	-0	-
Increase (decrease) in liabilities related to retirement benefits	-	-2,120
Interest income and dividend income	-15,324	-19,177
Interest expenses	58,460	40,871
Increase (decrease) in investment gain on equity method	-	-9,843
Settlement money	500,000	-
Loss (gain) on sale of investment securities	458	-934
Loss (gain) on valuation of investment securities	9,999	-
Loss (gain) on disposal or sale of fixed assets	3,630	3,218
Decrease (increase) in accounts receivables	-764,652	625,183
Decrease (increase) in inventories	-418,840	22,324
Increase (decrease) in accounts payable	116,915	28,735
Others	109,842	-235,377
Subtotal	1,926,380	3,548,369
Income taxes paid	-1,015,172	-369,260
Settlement money paid	-500,000	-
Cash flows from operating activities	411,207	3,179,108
Cash flows from investing activities		
Payments for time deposits	-328,397	-228,403
Proceeds from withdrawal of time deposits	228,389	328,397
Payments for acquisition of tangible fixed assets	-220,642	-162,573
Proceeds from sale of tangible fixed assets	66	-
Payments for acquisition of intangible fixed assets	-278,728	-287,075
Payments for acquisition of investment securities	-13,500	-92,476
Proceeds from sale of investment securities	2,376	5,108
Payments for insurance reserve fund	-44,626	-9,879
Proceeds from cancellation of insurance reserve fund	86,280	37,473
Purchase of long-term prepaid expenses	-14,719	-12,184
Interest and dividends received	14,982	19,268
Others	7,549	3,139
Cash flows from investing activities	-560,969	-399,206

(Thousand yen)

	Previous fiscal year (from April 1, 2012 to March 31, 2013)	Current fiscal year (from April 1, 2013 to March 31, 2014)
Cash flows from financing activities		
Proceeds from short-term debt	2,390,000	2,540,000
Repayment of short-term debt	-2,890,000	-2,540,000
Proceeds from long-term debt	1,000,000	600,000
Repayment of long-term debt	-467,600	-1,053,600
Payments for redemption of bonds	-252,000	-380,000
Payments for acquisition of treasury stock	-285	-554
Dividends paid	-369,288	-368,477
Interest paid	-58,977	-41,577
Others	-9,194	-9,548
Cash flows from financing activities	-657,344	-1,253,758
Increase (decrease) in cash and cash equivalents	-807,105	1,526,144
Cash and cash equivalents at beginning of year	3,863,804	3,056,698
Cash and cash equivalents at end of year	3,056,698	4,582,843