

Consolidated Financial Results

for the First Quarter of the Fiscal Year ending March 31, 2016

(IFRS)

July 30, 2015

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Scheduled date to submit the quarterly report (*Shihanki Hokokusho*): August 12, 2015

Scheduled date of dividend payment: –

Supplementary documents for financial results: Yes

Financial results briefing: Yes (for institutional investors and analysts)

(Figures less than one million yen are omitted)

1. Consolidated Business Results for the three months ended June 30, 2015 (April 1, 2015 – June 30, 2015)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Revenue		Operating income		Profit before tax		Profit		Profit attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended 6/15	76,929	3.9	1,695	47.9	1,881	60.2	1,141	52.7	1,192	64.9	1,489	106.1
Three months ended 6/14	74,071	6.9	1,146	405.3	1,174	332.9	747	816.6	722	—	722	22.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended 6/15	10.31	—
Three months ended 6/14	6.14	—

(Note) 1. A hyphen indicates the increase profit attributable to owners of the parent company in the first quarter of the fiscal year ending March 31, 2015 relative to the first quarter of the previous fiscal year, as profit exceeded 1,000%, at 7,903.4%.

2. The Company conducted a two-for-one stock split for its common stock on April 1, 2015. The amount of “Basic earnings per share” is calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Total equity	Total equity attributable to owners of the Company	Percentage ownership of the owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2015	275,112	170,713	166,742	60.6
March 31, 2015	302,734	172,907	168,876	55.8

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual
Year ended 3/15	Yen —	Yen 57.50	Yen —	Yen 62.50	Yen 120.00
Year ending 3/16	—	—	—	—	—
Year ending 3/16 (forecast)	—	32.50	—	32.50	65.00

(Note) 1. Revision of the dividend forecast in the latest announcement: None

2. The Company conducted a two-for-one stock split for its common stock on April 1, 2015. For the fiscal years ended March 2015, the amounts of dividends before the stock split are recorded.

3. Forecast for Consolidated Business Results for the Fiscal Year ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent changes from the same period of previous fiscal year)

	Revenue		Operating income		Profit before tax		Profit for the year		Profit for the year attributable to owners of the Company		Basic earnings per share for the year
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	390,000	2.1	29,500	0.5	29,400	(0.3)	18,300	3.7	18,000	3.4	155.69

(Notes) Revision of earnings forecast in the latest announcement: None

* Notes

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting policies and changes of accounting estimates

- | | |
|--|----------------|
| (i) Changes in accounting principles required by IFRS: | Not applicable |
| (ii) Changes in accounting principles other than (i): | Not applicable |
| (iii) Changes in accounting estimates: | Not applicable |

(3) Number of outstanding shares (common shares)

- | | | |
|--|--------------------|---|
| (i) Number of shares outstanding at the end of period (including treasury shares): | | |
| Three months ended 6/15: | 120,000,000 shares | Year ended 3/15: 120,000,000 shares |
| (ii) Number of treasury shares at the end of period: | | |
| Three months ended 6/15: | 4,385,750 shares | Year ended 3/15: 4,383,546 shares |
| (iii) Average number of shares during the period (cumulative figure for consolidated quarterly accounting period): | | |
| Three months ended 6/15: | 115,614,527 shares | Three months ended 6/14: 117,736,721 shares |

* The Company conducted a two-for-one stock split for its common stock on April 1, 2015. The amount of "Earnings per share" is calculated on the assumption that the stock split had been carried out at the beginning of the previous fiscal year.

* This document is an English translation of a statement written initially in Japanese as a guide for non-Japanese investors. The Japanese original document should be considered as the primary version.

* Disclosure regarding audit procedures

- This quarterly financial results report is not subject to quarterly review procedures by independent auditors under the Financial Institutions and Exchange Act. At the time of disclosure of this report, review procedures for quarterly financial statements had not been completed.

* Cautionary statement with respect to forward-looking statements

- These materials contain forward-looking statements and statements of this nature based on assumptions judged to be valid and information available to the Company as of the announcement date of the summary. These statements are not promises by the Company regarding future performance. Actual results may differ materially from forecasts due to a variety of factors. With respect to the conditions that underpin earnings forecasts as well as cautionary statements regarding the proper use of earnings forecasts, please refer to the section "1. Qualitative Information, (3) Qualitative information about consolidated earnings forecasts" of this Consolidated Financial Results in the Accompanying Materials section on page 2.

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1. Qualitative Information

(1) Qualitative information about consolidated operating results

In the first three months of the fiscal year under review, the Japanese economy remained on a modest recovery path in the context of economic policies implemented by the government and monetary easing undertaken by the Bank of Japan.

The information services industry has seen a gradual improvement in the overall business environment, driven by the system update in the financial sector and system installment toward the launch of the “My Number system” in the public sector, as well as recovering IT investment in the manufacturing industries.

Under these circumstances, the CTC Group developed a new three-year medium term management plan covering the fiscal year ending March 31, 2016 through the fiscal year ending March 31, 2018. Under this management plan, the Group aims to “take responsibility for the evolution of the IT industry as the industry’s leading company,” making efforts mainly to expand the service-oriented business, strengthen the customer base by exerting its comprehensive strength, and make active investments in growing areas.

More specifically, the Group began to offer a Business Process Outsourcing (BPO) service called “Omakase Health Management” in which IT assists the HR and labor service department in a company by centrally managing the health information of employees, including stress checks and medical examination results, in the cloud. It also launched a cloud service called the “Mobile Asset Management Service” to enable Internet supermarkets and large-scale retailers to create automated dispatch plans for home delivery in conjunction with the EC site. The Group also focused on the development of state-of-the-art technologies. Those initiatives included the conclusion of a sales agent agreement with Centrifry Corporation in the U.S. to provide cloud-based single sign-on services, which enable the use of multiple systems with a single ID and password; and participation as a Corporate Sponsor in a U.S. non-profit organization, OpenStack Foundation, which promotes the dissemination and development of open-source cloud infrastructure software.

Furthermore, the Group also considers the strengthening of its management foundation as one of its priority measures under the medium term management plan. As part of these efforts, it reformed its personnel management system for the purpose of improving employee job satisfaction and creating an attractive company.

In sales activities, the Group concentrated primarily on projects to augment networks for mobile carriers in the Telecommunications Business, and the construction of a common platform for precision equipment manufacturers and services projects for transportation in the Enterprise Business.

As a result, the Services and Products businesses improved in the first three months of the consolidated fiscal year under review, resulting in revenue of 76,929 million yen (up 3.9% year on year). Thanks to higher gross profit associated with higher sales as well as a reduction of unprofitable projects, the Group achieved operating income of 1,695 million yen (up 47.9% year on year); profit before tax of 1,881 million yen (up 60.2% year on year); profit of 1,141 million yen (up 52.7% year on year); and profit attributable to owners of the company of 1,192 million yen (up 64.9% year on year).

(2) Qualitative information about consolidated financial position

Assets at the end of the first three months of the consolidated fiscal year under review amounted to 275,112 million yen, down 27,621 million yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 14,527 million yen in cash and cash equivalents and 27,342 million yen in trade and other receivables, in spite of an increase of 9,764 million yen in other current assets.

Liabilities declined to 104,399 million yen, down 25,428 million yen from the end of the previous consolidated fiscal year. This was attributable primarily to decreases of 22,467 million yen in trade and other payables, in spite of an increase of 9,770 million yen in other current liabilities.

Equity amounted to 170,713 million yen, down 2,193 million yen from the end of the previous consolidated fiscal year. This mostly reflected a decrease of 3,613 million yen in dividends paid by the parent company, in spite of an increase of 1,141 million yen in profit.

(3) Qualitative information about consolidated earnings forecasts

Although the slowdown of the Chinese economy and Greece’s debt problem, among others, have raised concerns, the Japanese economy is predicted to continue recovering moderately.

In light of this situation, the Group has not changed the financial forecast announced on May 1, 2015 as of now.

2. Items Regarding Summary (and Notes) Information

(1) Changes in significant subsidiaries during the period under review

None

(2) Changes in accounting policies and changes of accounting estimates

None

3. Summary Quarterly Consolidated Financial Statements

(1) Summary quarterly consolidated statement of financial position

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of June 30, 2015)
Items	Amount (millions of yen)	Amount (millions of yen)
(Assets)		
Current assets		
Cash and cash equivalents	50,146	35,618
Trade and other receivables	109,568	82,226
Inventories	20,973	25,841
Current tax assets	27	756
Other current financial assets	15,200	14,420
Other current assets	31,327	41,092
Total current assets	227,245	199,956
Non-current assets		
Property, plant and equipment	34,780	34,757
Goodwill	4,660	4,737
Intangible assets	10,534	10,293
Investments accounted for using the equity method	621	626
Other non-current financial assets	10,749	11,316
Deferred tax assets	12,298	11,596
Other non-current assets	1,844	1,828
Total non-current assets	75,489	75,156
Total assets	302,734	275,112

	Previous consolidated fiscal year (As of March 31, 2015)	Consolidated fiscal year under review (As of June 30, 2015)
Items	Amount (millions of yen)	Amount (millions of yen)
(Liabilities and Equity)		
Current liabilities		
Trade and other payables	49,691	27,224
Other current financial liabilities	6,869	9,408
Income taxes payable	8,604	228
Liabilities for employee benefits	14,786	8,934
Provisions	1,100	887
Other current liabilities	29,896	39,666
Total current liabilities	110,949	86,349
Non-current liabilities		
Non-current financial liabilities	12,236	11,534
Liabilities for employee benefits	4,259	4,169
Provisions	1,646	1,624
Deferred tax liabilities	724	712
Other non-current liabilities	11	9
Total non-current liabilities	18,878	18,050
Total liabilities	129,827	104,399
Equity		
Common stock	21,763	21,763
Capital surplus	33,076	33,076
Treasury stock	(9,225)	(9,231)
Retained earnings	121,530	119,103
Other components of equity	1,732	2,031
Total equity attributable to owners of the Company	168,876	166,742
Non-controlling interests	4,030	3,970
Total equity	172,907	170,713
Total liabilities and equity	302,734	275,112

(2) Summary quarterly consolidated income statement and summary quarterly consolidated comprehensive income statement

Summary quarterly consolidated income statement

	Previous consolidated fiscal year (From April 1, 2014 to June 30, 2014)	Consolidated fiscal year under review (From April 1, 2015 to June 30, 2015)
Items	Amount (millions of yen)	Amount (millions of yen)
Revenue	74,071	76,929
Cost of sales	(57,395)	(59,510)
Gross profit	16,675	17,418
Other income and expenses		
Selling, general and administrative expenses	(15,553)	(15,808)
Other income	56	96
Other expenses	(33)	(11)
Total other income and expenses	(15,529)	(15,722)
Operating income	1,146	1,695
Financial income	63	209
Financial costs	(41)	(35)
Share of profit of associates accounted for using the equity method	5	11
Profit before tax	1,174	1,881
Income tax expense	(426)	(739)
Profit	747	1,141
Profit attributable to :		
Owners of the Company	722	1,192
Non-controlling interests	24	(50)
Earnings per share	(Yen)	(Yen)
(Attribution to the owners of the Company):		
Basic earnings per share	6.14	10.31
Diluted earnings per share	—	—

Summary quarterly consolidated comprehensive income statement

	Previous consolidated fiscal year (From April 1, 2014 to June 30, 2014)	Consolidated fiscal year under review (From April 1, 2015 to June 30, 2015)
Items	Amount (millions of yen)	Amount (millions of yen)
Profit	747	1,141
Other comprehensive income, net of tax effect		
Items that will not be reclassified to profit or loss:		
Changes in net fair value of financial assets measured through other comprehensive income	46	145
Share of other comprehensive income of associates accounted for using the equity method	(0)	0
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(61)	199
Cash flow hedges	(5)	(0)
Share of other comprehensive income of associates accounted for using the equity method	(3)	3
Total other comprehensive income, net of tax effect	(24)	348
Total comprehensive income	722	1,489
Total comprehensive income attributable to:		
Owners of the Company	713	1,484
Non-controlling interests	8	5

(3) Summary quarterly consolidated statement of changes in equity

(Millions of yen)

Items	Attributable to the owners of the Company						
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity		
					Exchange differences on translating foreign operations	Changes in net fair value of financial assets measured through other comprehensive income	Cash flow hedges
April 1, 2014	21,763	33,076	(4,223)	111,132	442	771	4
Profit	—	—	—	722	—	—	—
Other comprehensive income	—	—	—	—	(49)	46	(5)
Total comprehensive income	—	—	—	722	(49)	46	(5)
Payment of dividends	—	—	—	(3,237)	—	—	—
Purchase of treasury stock	—	—	(0)	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	(22)	—	22	—
Total transactions with owners	—	—	(0)	(3,260)	—	22	—
June 30, 2014	21,763	33,076	(4,223)	108,594	393	840	(1)

(Millions of yen)

Items	Attributable to the owners of the Company	Non-controlling interests	Total equity
	Total equity attributable to owners of the Company		
April 1, 2014	162,967	3,732	166,700
Profit	722	24	747
Other comprehensive income	(8)	(15)	(24)
Total comprehensive income	713	8	722
Payment of dividends	(3,237)	(85)	(3,323)
Purchase of treasury stock	(0)	—	(0)
Transfer to retained earnings from other components of equity	—	—	—
Total transactions with owners	(3,237)	(85)	(3,323)
June 30, 2014	160,443	3,655	164,099

(Millions of yen)

Items	Attributable to the owners of the Company						
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity		
					Exchange differences on translating foreign operations	Changes in net fair value of financial assets measured through other comprehensive income	Cash flow hedges
April 1, 2015	21,763	33,076	(9,225)	121,530	907	812	13
Profit	—	—	—	1,192	—	—	—
Other comprehensive income	—	—	—	—	147	145	(0)
Total comprehensive income	—	—	—	1,192	147	145	(0)
Payment of dividends	—	—	—	(3,613)	—	—	—
Purchase of treasury stock	—	—	(5)	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	(5)	—	5	—
Total transactions with owners	—	—	(5)	(3,618)	—	5	—
June 30, 2015	21,763	33,076	(9,231)	119,103	1,054	963	13

(Millions of yen)

Items	Attributable to the owners of the Company	Non-controlling interests	Total equity
	Total equity attributable to owners of the Company		
April 1, 2015	168,876	4,030	172,907
Profit	1,192	(50)	1,141
Other comprehensive income	292	56	348
Total comprehensive income	1,484	5	1,489
Payment of dividends	(3,613)	(64)	(3,677)
Purchase of treasury stock	(5)	—	(5)
Transfer to retained earnings from other components of equity	—	—	—
Total transactions with owners	(3,618)	(64)	(3,683)
June 30, 2015	166,742	3,970	170,713

(4) Notes on going concern assumptions

None