Consolidated Financial Results for the Fiscal Year ended March 31, 2018 (IFRS)

May 1, 2018

Listed Company Name:	ITOCHU Techno-Solutions Corporation	Listing Exchanges:	Tokyo Stock Exchange
Securities Code:	4739	URL:	http://www.ctc-g.co.jp/en/index.html
Representative:	Satoshi Kikuchi, President & CEO		
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Scheduled date of Annual General Meeting of Shareholders:	June 20, 2018
Scheduled date of dividend payment:	June 21, 2018
Scheduled date to submit the annual securities report *(Yukashoken Hokokusho)*:	June 21, 2018
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 Fiscal Year ended March 31, 2018 (April 1, 2017–March 31, 2018)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Revenue		Operating income		Profit before tax		Net Profit		Net profit attributable to CTC's shareholders		Total comprehensive income attributable to CTC's shareholders	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 3/18	429,625	5.3	32,622	4.8	33,729	7.8	23,774	8.1	23,581	7.9	24,855	16.0
Year ended 3/17	407,849	4.1	31,129	11.4	31,300	12.0	21,996	21.3	21,861	21.3	21,419	21.9

	Basic earnings per share attributable to CTC's shareholders	Diluted earnings per share attributable to CTC's shareholders	Ratio of Net profit attributable to CTC's shareholders to shareholder's equity	Ratio of profit before tax to total assets	Ratio of operating income to revenue
	Yen	Yen	%	%	%
Year ended 3/18	102.04	—	11.8	9.8	7.6
Year ended 3/17	94.55	—	11.8	9.8	7.6

(Note) The company conducted a two-for-one stock split for its common stock on April 1, 2018. The amount of "Basic earnings per share attributable to CTC's shareholders" 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 shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
Year ended 3/18	353,882	210,850	206,569	58.4	894.13
Year ended 3/17	333,123	195,701	192,175	57.7	831.11

(Note) The company conducted a two-for-one stock split for its common stock on April 1, 2018. The amount of "shareholders' equity per share" is calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

(3) Consolidated cash flow position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 3/18	11,014	(2,306)	(5,994)	51,003
Year ended 3/17	25,203	(14,158)	(7,833)	48,213

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to shareholders' equity (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended 3/17	—	37.50	—	42.50	80.00	9,249	42.3	5.0
Year ended 3/18	—	42.50	—	47.50	90.00	10,405	44.1	5.2
Year ending 3/19 (forecast)	—	24.00	—	24.00	48.00		46.2	

(Note) The company conducted a two-for-one stock split for its common stock on April 1, 2018. For the fiscal years ended March 2017 and March 2018, the amounts of dividends before the stock split are recorded. For the second quarter and year-ended dividends in the fiscal year ending March 2019(forecast), the amounts of dividends are recorded in consideration of the effects after the stock split.

3. Forecast for Consolidated Business Results for the Fiscal Year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

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

	Revenue		Operating income		Profit before tax		Net Profit		Net profit attributable to CTC's shareholders		Basic earnings per share attributable to CTC's shareholders
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	450,000	4.7	35,000	7.3	35,000	3.8	24,200	1.8	24,000	1.8	103.88

(Note) The company conducted a two-for-one stock split for its common stock on April 1, 2018. "Basic earnings per share attributable to CTC's shareholders" in the forecast for Consolidated Business Results is calculated based on the number of outstanding shares after the stock split (excluding the number of treasury shares).

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

(2) Changes in accounting principles 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):
  Year ended 3/18: 240,000,000 shares Year ended 3/17: 240,000,000 shares
- (ii) Number of treasury shares at the end of period:
  Year ended 3/18: 8,970,504 shares Year ended 3/17: 8,771,596 shares
- (iii) Average number of shares during the period:
  Year ended 3/18: 231,111,806 shares Year ended 3/17: 231,228,455 shares

(Note) The Company conducted a two-for-one stock split for its common stock on April 1, 2018. "Number of shares outstanding at the end of period (including treasury shares)," "Number of treasury shares at the end of period" and "Average number of shares during the period" are calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Business Results for the Fiscal Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Non-consolidated operating results (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 3/18	384,618	7.0	20,467	0.3	24,894	7.2	23,433	7.0
Year ended 3/17	359,456	4.8	20,397	20.7	23,218	8.0	21,906	17.1

	Earnings per share	Earnings per share/ diluted
	Yen	Yen
Year ended 3/18	101.40	—
Year ended 3/17	94.74	—

(Note) The Company conducted a two-for-one stock split for its common stock on April 1, 2018. 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.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Book-value per share
	Millions of yen	Millions of yen	%	Yen
Year ended 3/18	327,083	195,535	59.8	846.36
Year ended 3/17	308,121	181,916	59.0	786.74

(Reference) Shareholders' equity (Millions of yen): Year ended 3/18:195,535 Year ended 3/17: 181,916

(Note) The Company conducted a two-for-one stock split for its common stock on April 1, 2018. The amount of "Book-value per share" is calculated on the assumption that the stock split had been carried out at the beginning of the previous fiscal year.

(Note) The financial figures presented in the Summary of Non-Consolidated Financial Results are prepared in accordance with the Japan GAAP.

* 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.

* 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.

* "CTC" is the abbreviation for ITOCHU Techno-Solutions Corporation.

○Accompanying Materials –Contents

1. Analysis of Operating Results and Financial Condition

(1) Analysis of operating results

In the fiscal year under review, the Japanese economy staged a modest recovery overall, chiefly supported by improvement in corporate earnings and the employment situation despite concerns over the impact of uncertainties in other countries' policies on the business situation, in particular.

In the information service industry, the overall business environment remained steady, given the recovery trend of IT investment mainly in the manufacturing and distribution industries.

In this environment, the ITOCHU Techno-Solutions Corporation ("CTC") Group has established a Medium-Term Management Plan for the three years from the fiscal year ended March 2016 to the fiscal year ending March 2018 by specifying its vision, "Take responsibility for the evolution of the IT industry as the industry's leading company." In an effort to achieve the targets in the plan, the Group has been pursuing initiatives such as expanding its service business, strengthening the customer base by exerting its comprehensive capabilities, and making aggressive growth investments. In addition to continuing these activities, the Group has been focusing on developing new businesses and futuristic technologies in view of the next Medium-Term Management Plan during the fiscal year under review, which is the final year of the current Medium-Term Management Plan.

<Activities aimed at the expansion of the service business>

・CTC made CTC First Contact Corporation, which was originally a wholly owned subsidiary of CTC and which provides outsourcing services for service desk, contact center, and other customer service operations, a joint company with Bellsystem24 Holdings Inc. as of July 3, 2017. Through this, CTC aims to expand business in the Business Process Outsourcing (BPO) sector.

・The Group worked on the development of services and solutions by establishing an organization dedicated to comprehensively supporting its customers in using artificial intelligence (AI). As part of this, the Group began handling the deep learning AI supercomputers of American technology company NVIDIA Corporation and providing the CTC Integrated AI Platform Stack, an AI hybrid cloud environment that integrates AI development processes and technologies, to support companies in using AI. In addition, the Group has participated in the AI Business Promotion Consortium of 23 companies (as of March 31, 2018) involved in application and service development, demonstration experiments, and other activities in the AI field for sharing the relevant expertise of the participants and promoting cooperation among them. The Group has also entered into a cooperative agreement with Shiga University with the aim of promoting industry-academia cooperation and nurturing data scientists needed for further development of AI.

・The Group promoted on-premises system construction based on customers' system requirements and use and the strengthening of its cloud integration capabilities, linking different environments such as the Group's own cloud services and other public cloud services to build optimal systems. As part of these activities, the Group obtained AWS Premier Consulting Partner designation, the highest status in the AWS Partner Network, which is the partner program for Amazon Web Services. Furthermore, the Group began collaborating with ABeam Consulting Ltd. in the cloud service business, and the Group's cloud service, CUVICmc2, which specializes in backbone systems, was adopted in the ABeam Cloud base, the business innovation platform provided by ABeam Consulting.

<Activities aimed at exhibiting comprehensive capabilities>

・Following the reorganization in April 2016, including the segment restructuring, the Group reorganized itself in April 2017, to further exhibit its comprehensive capabilities. By putting one director in charge of overseeing sales and one director in charge of overseeing technology, the Group will increase the mobility of human resources between organizations to respond to large-scale projects and strengthen cooperation with customers.

<Activities aimed at shift to growth investments, new business areas and future technologies>

・The Group established PT. CTC Techno Solutions Indonesia in Indonesia as a subsidiary of CTC Global Sdn. Bhd. (Malaysia), which is an overseas subsidiary of CTC, with the aim of further expanding its global business. Additionally, the Group acquired all the shares of CTC Global (Thailand) Ltd., a joint venture in Thailand (changing the trade name from Netband Consulting Co., Ltd. on January 25, 2018), to make it a subsidiary. The CTC Group will strengthen its collaboration in Japan and in the ASEAN region, and provide optimal IT services to local and Japanese companies in ASEAN.

・The Group founded Institute of Open Innovation Research “MIRAI” under the Advanced IT Strategy Group to create and develop advanced technologies for the future and to develop and implement strategies to commercialize such technologies. It also launched CTC Future Factory, an open innovation platform that provides comprehensive support for business development from the ideas for new businesses built with customers to commercialization. As part of this project, the Group established DEJIMA, an event and co-creation activity space providing a prototype development environment for incorporating new ideas into businesses at an early stage.

・The Group founded CTC Innovation Partners, a corporate venture capital fund aimed at accelerating business creation through innovation. It supports the growth of promising start-ups by providing funds and participating in their businesses and aims to expand business domains through joint ventures with customers. As its first project, Innovation Partners invested in DeCurret Inc., a joint venture providing financial services including cryptocurrency exchange and settlements services established by Internet Initiative Japan Inc.

<Activities aimed at strengthening management base>

・The Medium-Term Management Plan emphasizes the strengthening of the Group’s business foundations as one of its focal strategies. The Group has been actively promoting Work Style Innovation since 2014 and has carried out a range of activities in this area, including the introduction of new programs to enable employees to work healthily and efficiently with job satisfaction. In 2018, for a second consecutive year, CTC was certified as a Health and Productivity Management Organization (White 500) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. CTC also received the Award of Excellence in the Tokyo Metropolitan Government Award Commending Companies that Implement Excellent Initiatives to Help Cancer Patients Balance Cancer Treatment and Work in recognition of its efforts to help employees with cancer and other illnesses and injuries balance treatment and work.

・CTC is working to create a work environment which accepts diversity and is a rewarding work environment for every employee. In recognition of the activities for the expansion of systems and the communication of information aimed at supporting female employees in their careers, CTC received the “Eruboshi” certification, the highest-ranking certification, from the Minister of Health, Labour and Welfare pursuant to the Act on Promotion of Women’s Participation and Advancement in the Workplace.

・On November 1, 2017, the Group founded CTC Business Expert Corporation, a company with the shared service functions of the CTC Group including financial accounting and product management. It sought to raise the level of specialization and productivity to increase the Group’s management capacity by integrating functions such as overall accounting operations, product ordering and management, and the management of logistics center operations within the Group.

In its sales activities, the Group focused primarily on distribution development and infrastructure projects, communication network development projects, and public and social infrastructure projects.

During the fiscal year under review, sales in all segments, including Services, SI Development, and Products, increased, resulting in revenue of 429,625 million yen (up 5.3% year on year). Operating income rose 4.8% year on year, to 32,622 million yen, thanks to higher revenue. An increase in operating income and a gain on sales of shares of the associates contributed to profit before tax of 33,729 million yen (up 7.8%), net profit of 23,774 million yen (up 8.1% year on year), and net profit attributable to CTC's shareholders of 23,581 million yen (up 7.9%).

Segment results by business were as follows.

Effective from the fiscal year under review, the Company revised its reportable segment structure. Year-on-year comparisons and analyses have been adjusted to reflect the revised segments.

(i) Distribution & Enterprise

Revenue increased by 11.9% year on year, to 146,938 million yen, due mainly to the increase in projects for the distribution sector. Pre-tax profit rose by 22.8%, to 8,839 million yen due to higher revenue and improvement in the gross margin.

(ii) Telecommunication

Revenue rose by 2.6%, to 155,025 million yen, reflecting growth mainly in projects for internet services providers and the communications sector. Pre-tax profit decreased by 12.1%, to 12,842 million yen.

(iii) Public & Regional Business

Revenue increased by 2.4%, to 39,324 million yen, reflecting growth mainly in projects for the public business sector. Pre-tax profit climbed 52.5%, to 1,430 million yen due to higher revenue and improvement in the gross margin.

(iv) Finance & Social Infrastructure

Revenue rose by 6.6%, to 54,879 million yen, reflecting growth in projects for social and banks. Pre-tax profit increased 9.2%, to 2,985 million yen.

(v) IT Services

In this segment, all the companies in the Group offer comprehensive services that focus on cloud-related business and maintenance and operation. Revenue fell by 0.0%, to 188,985 million yen, and pre-tax profit fell by 12.9%, to 6,751 million yen.

(vi) Others

Revenue rose by 1.3%, to 34,350 million yen, mainly due to an increase in projects at certain overseas subsidiaries. Pre-tax profit rose by 9.4%, to 986 million yen.

(Note) The revenue and pre-tax profit for the segments shown above are those before the elimination of inter-segment sales.

(2) Analysis of financial condition

Assets at the end of the consolidated fiscal year under review amounted to 353,882 million yen, up 20,759 million yen from the end of the previous consolidated fiscal year. This mainly reflected increases of 14,897 million yen in trade and other receivables and 5,006 million yen in other current assets.

Liabilities rose by 5,610 million yen from the end of the previous consolidated fiscal year, to 143,032 million yen. This was mainly due to increases of 4,024 million yen in other current liabilities and 895 million yen in Non-current financial liabilities.

Equity reached 210,850 million yen, up 15,149 million yen from the end of the previous consolidated fiscal year. This was mainly attributable to increases of 23,774 million yen in profit for the year and 1,080 million yen in other comprehensive income, offsetting a decrease of 9,914 million yen in the payment of dividends.

(3) Analysis of cash flows

Cash and cash equivalents (hereinafter called "cash") at the end of the fiscal year under review rose 2,790 million yen from the end of the previous fiscal year, to 51,003 million yen.

The status and major components of each cash flow in the consolidated fiscal year under review are shown below.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 11,014 million yen. This reflected 33,729 million yen in profit before tax, with income of 8,820 million yen in depreciation and amortization expense, 20,778 million yen in decrease (increase) in trade and other receivables, and 11,295 million yen in income taxes paid.

Compared to the previous consolidated fiscal year, net cash provided by operating activities decreased by 14,189 million yen due to a decrease of 12,395 million yen in decrease (increase) in trade and other receivables and an increase of 2,021 million yen in income taxes paid despite increases of 2,429 million yen in profit before tax and 4,271 million yen in decrease (increase) in inventories.

(Cash flows from investing activities)

Net cash used in investing activities totaled 2,306 million yen. This was due to 3,419 million yen in payments for purchases of property, plant and equipment, 1,078 million yen in payments for purchases of intangible assets, and 464 million yen in payments for purchases of shares of subsidiaries, despite 751 million yen in proceeds from sales of shares of associates and 2,000 million yen in net decrease (increase) in deposits.

Compared to the previous consolidated fiscal year, net cash used in investing activities decreased by 11,851 million yen. This was attributable to a 3,219 million yen decrease in payments for purchases of intangible assets and a 2,000 million yen decrease in net decrease (increase) in deposits, compared to a 5,000 million yen increase in the previous consolidated fiscal year.

(Cash flows from financing activities)

Net cash used in financing activities totaled 5,994 million yen. Major factors were 2,473 million yen in repayments of finance lease obligations and 9,824 million yen in dividends paid to CTC's shareholders, offsetting 6,218 million yen in proceeds from sales and leasebacks.

Compared to the previous consolidated fiscal year, net cash used in financing activities decreased by 1,838 million yen. This result reflected a 2,647 million yen increase in proceeds from sales and leasebacks, despite a 1,152 million yen increase in dividends paid.

(4) Outlook for the fiscal year ending March 31, 2019

Although the impact of uncertainty in the international economy and the volatility of financial and capital markets will continue to require close monitoring, the Japanese economy is expected to continue to recover at a modest pace.

In the information services industry, the impact of changes in the economic environment on corporate earnings will need to be monitored. However, investment in the IT sector is expected to remain solid, particularly in the distribution, manufacturing and telecommunications sectors.

Under these circumstances, the Group maintained “Take responsibility for the evolution of the IT industry, as the industry’s leading company” as its vision and formulated its new Medium-Term Management Plan: “Opening New Horizons ～To See New Landscapes～,” covering the three years from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021. More specifically, the Group aims to achieve the quantitative targets for the fiscal year ending March 31, 2021 by steadily implementing various measures based on the following four themes.

◆Medium-Term Management Plan: “Opening New Horizons ～To See New Landscapes～”

<Four themes>

(i) Go upward (Challenge business transformation)
- Co-Creation of digital transformation businesses with major clients
- Expand businesses in application services layer

(ii) Go forward (Sharpening our advantages)
- No.1 Cloud-computing integrator
- No.1 IT Infrastructure & network environment provider
- Accelerate expanding of recurring businesses

(iii) Go out (New coverage, new region in globe)
- Create open innovation activities as new business models
- Expand global activities

(iv) Consolidate foothold (Stabilize management infrastructure)
- Skill transition & workstyle transformation
- Consolidate CTC-group governance
- Quality first & customer centric
- Keep shareholders value & returns

<Quantitative targets>

The targets for the fiscal year ending March 31, 2021, which is the final year of the new Medium-Term Management Plan are as follows:

- Profit attributable to CTC’s shareholders: 30 billion yen
- Cloud and IT outsourcing business: 60 billion yen
  *CTC will aim to expand recurring business to ensure stable revenue for the future.
- Global business: 60 billion yen
  *In addition to growth in Japan, CTC will also continue to focus on global business with high growth potential.
- ROE exceeding 12%

As a result of the above, the Company’s forecast for the fiscal year ending March 31, 2019 is revenue of 450,000 million yen, operating income of 35,000 million yen, profit before tax of 35,000 million yen, net profit for the year of 24,200 million yen, and profit attributable to CTC’s shareholders of 24,000 million yen.

2. Basic Policy for the Selection of Accounting Standards

As part of its efforts to promote global business expansion, the Group adopts International Financial Reporting Standards, which are global accounting standards, with the aim of enhancing convenience to Japanese and overseas shareholders and investors by facilitating the international comparability of our financial information in capital markets.

3. Consolidated Financial Statements

(1) Consolidated statement of financial position

	Previous consolidated fiscal year (As of March 31, 2017)	Consolidated fiscal year (As of March 31, 2018)
Items	Amount (Millions of yen)	Amount (Millions of yen)
(Assets)		
Current assets		
Cash and cash equivalents	48,213	51,003
Trade and other receivables	115,473	130,370
Inventories	24,045	25,577
Current tax assets	22	79
Other current financial assets	25,017	23,333
Other current assets	37,421	42,427
Total current assets	250,194	272,792
Non-current assets		
Property, plant and equipment	36,365	34,857
Goodwill	3,899	4,470
Intangible assets	12,560	10,538
Investments accounted for using the equity method	664	724
Other non-current financial assets	13,989	14,888
Deferred tax assets	12,679	12,817
Other non-current assets	2,769	2,793
Total non-current assets	82,929	81,090
Total assets	333,123	353,882

	Previous consolidated fiscal year (As of March 31, 2017)	Consolidated fiscal year (As of March 31, 2018)
Items	Amount (Millions of yen)	Amount (Millions of yen)
(Liabilities and Equity)		
Current liabilities		
Trade and other payables	48,222	48,572
Other current financial liabilities	5,658	5,992
Income taxes payable	9,064	8,089
Liabilities for employee benefits	17,079	17,633
Provisions	689	707
Other current liabilities	40,909	44,934
Total current liabilities	121,624	125,929
Non-current liabilities		
Non-current financial liabilities	10,016	10,912
Liabilities for employee benefits	3,720	4,149
Provisions	1,732	1,716
Deferred tax liabilities	327	324
Total non-current liabilities	15,797	17,103
Total liabilities	137,422	143,032
Equity		
Common stock	21,763	21,763
Capital surplus	33,076	33,152
Treasury stock	(9,231)	(9,621)
Retained earnings	146,537	160,544
Other components of equity	29	730
Total shareholders' equity	192,175	206,569
Non-controlling interests	3,525	4,281
Total equity	195,701	210,850
Total liabilities and equity	333,123	353,882

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

Consolidated income statement

Items	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017) Amount (Millions of yen)	Consolidated fiscal year under review (From April 1, 2017 to March 31, 2018) Amount (Millions of yen)
Revenue	407,849	429,625
Cost of sales	(311,133)	(328,024)
Gross profit	96,716	101,601
Other income and expenses		
Selling, general and administrative expenses	(65,512)	(69,165)
Other income	348	371
Other expenses	(423)	(185)
Total other income and expenses	(65,586)	(68,978)
Operating income	31,129	32,622
Financial income	263	574
Financial costs	(158)	(811)
Share of profit of associates accounted for using the equity method	66	6
Gains on disposal and remeasurement of investments in subsidiaries and associates	—	1,337
Profit before tax	31,300	33,729
Income tax expense	(9,304)	(9,954)
Net profit	21,996	23,774
Net profit attributable to:		
CTC's shareholders	21,861	23,581
Non-controlling interests	134	192

Earnings per share attributable to CTC's shareholders	(Yen)	(Yen)
Basic earnings per share	94.55	102.04
Diluted earnings per share	—	—

Consolidated comprehensive income

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Consolidated fiscal year under review (From April 1, 2017 to March 31, 2018)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Net profit	21,996	23,774
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	(332)	430
Remeasurement of defined benefit plans	671	252
Share of other comprehensive income of associates accounted for using the equity method	0	1
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(918)	465
Cash flow hedges	6	(42)
Share of other comprehensive income of associates accounted for using the equity method	(5)	(26)
Total other comprehensive income, net of tax effect	(576)	1,080
Total comprehensive income	21,419	24,855
Total comprehensive income attributable to:		
CTC's shareholders	21,561	24,535
Non-controlling interests	(141)	320

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

Items	Shareholder’s equity						
					Other components of equity		
	Common stock	Capital surplus	Treasury stock	Retained earnings	Exchange differences on translating foreign operations	Changes in net fair value of financial assets measured through other comprehensive income	Cash flow hedges
April 1, 2016	21,763	33,076	(9,231)	132,677	64	950	(16)
Net profit	—	—	—	21,861	—	—	—
Other comprehensive income	—	—	—	—	(647)	(331)	6
Total comprehensive income	—	—	—	21,861	(647)	(331)	6
Payment of dividends	—	—	—	(8,671)	—	—	—
Purchase of treasury stock	—	—	(0)	—	—	—	—
Share-based payment transactions	—	—	—	—	—	—	—
Changes in interests in subsidiaries	—	—	—	—	—	—	—
Transfer to retained earnings from other components of equity	—	—	—	668	—	2	—
Total transactions with owners	—	—	(0)	(8,002)	—	2	—
March 31, 2017	21,763	33,076	(9,231)	146,537	(582)	621	(9)

Items	Shareholders' equity		Non-controlling interests	Total equity
	Other components of equity	Total shareholders' equity		
	Remeasurement of defined benefit plans			
April 1, 2016	—	179,285	3,758	183,043
Net profit	—	21,861	134	21,996
Other comprehensive income	671	(300)	(276)	(576)
Total comprehensive income	671	21,561	(141)	21,419
Payment of dividends	—	(8,671)	(90)	(8,761)
Purchase of treasury stock	—	(0)	—	(0)
Share-based payment transactions	—	—	—	—
Changes in interests in subsidiaries	—	—	—	—
Transfer to retained earnings from other components of equity	(671)	—	—	—
Total transactions with owners	(671)	(8,671)	(90)	(8,762)
March 31, 2017	—	192,175	3,525	195,701

Consolidated fiscal year under review (From April 1, 2017 to March 31, 2018)

(Millions of yen)

Items	Shareholder's equity						
	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, 2017	21,763	33,076	(9,231)	146,537	(582)	621	(9)
Net profit	―	―	―	23,581	―	―	―
Other comprehensive income	―	―	―	―	311	432	(42)
Total comprehensive income	―	―	―	23,581	311	432	(42)
Payment of dividends	―	―	―	(9,827)	―	―	―
Purchase of treasury stock	―	―	(390)	―	―	―	―
Share-based payment transactions	―	36	―	―	―	―	―
Changes in interests in subsidiaries	―	40	―	―	―	―	―
Transfer to retained earnings from other components of equity	―	―	―	252	―	―	―
Total transactions with owners	―	76	(390)	(9,574)	―	―	―
March 31, 2018	21,763	33,152	(9,621)	160,544	(270)	1,053	(52)

Items	Shareholders' equity		Non-controlling interests	Total equity
	Other components of equity	Total shareholders' equity		
	Remeasurement of defined benefit plans			
April 1, 2017	―	192,175	3,525	195,701
Net profit	―	23,581	192	23,774
Other comprehensive income	252	953	127	1,080
Total comprehensive income	252	24,535	320	24,855
Payment of dividends	―	(9,827)	(87)	(9,914)
Purchase of treasury stock	―	(390)	―	(390)
Share-based payment transactions	―	36	―	36
Changes in interests in subsidiaries	―	40	521	562
Transfer to retained earnings from other components of equity	(252)	―	―	―
Total transactions with owners	(252)	(10,141)	434	(9,706)
March 31, 2018	―	206,569	4,281	210,850

(4) Consolidated cash flow statement

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Consolidated fiscal year under review (From April 1, 2017 to March 31, 2018)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from operating activities		
Profit before tax	31,300	33,729
Adjustments for:		
Depreciation and amortization expense	8,438	8,820
Impairment losses	69	10
Interest and dividend income	(227)	(253)
Interest expenses	112	794
Share of profit of associates accounted for using the equity method	(66)	(6)
Loss(gains) on disposal and remeasurement of investments in subsidiaries and associates	—	(1,337)
Increase in trade and other receivables	(8,382)	(20,778)
(Increase) decrease in inventories	(5,704)	(1,432)
Increase (decrease) in trade and other payables	1,452	249
Others - net	7,322	2,282
Subtotal	34,314	22,077
Interest and dividends received	248	289
Interest paid	(85)	(57)
Income taxes paid	(9,274)	(11,295)
Net cash provided by operating activities	25,203	11,014
Cash flows from investing activities		
Purchases of property, plant and equipment	(4,892)	(3,419)
Payments for retirement of property, plant and equipment	(1)	(36)
Proceeds from sales of property, plant and equipment	21	7
Purchases of intangible assets	(4,297)	(1,078)
Purchases of investment securities	(201)	(398)
Purchases of shares of subsidiaries	—	(464)
Proceeds from sales of investment securities	0	10
Proceeds from sales of shares of subsidiaries and associates	—	751
Proceeds from dividend of investment partnership	164	445
Proceeds from Government grants	42	42
Decrease (increase) in deposits other than cash equivalents	(5,000)	2,000
Others – net	6	(165)
Net cash used in investing activities	(14,158)	(2,306)

	Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)	Consolidated fiscal year under review (From April 1, 2017 to March 31, 2018)
Items	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from financing activities		
Repayments of short-term borrowings	(110)	—
Purchase of treasury stock	(0)	(390)
Proceeds from share issuance to non-controlling interests	—	562
Proceeds from sales and leaseback	3,570	6,218
Repayments of finance lease obligations	(2,530)	(2,473)
Dividends paid to CTC's shareholders	(8,671)	(9,824)
Dividend paid to non-controlling interests	(90)	(87)
Net cash used in financing activities	(7,833)	(5,994)
Effects of exchange rate changes on cash and cash equivalents	121	76
Net increase (decrease) in cash and cash equivalents	3,333	2,790
Cash and cash equivalents at the beginning of the year	44,880	48,213
Cash and cash equivalents at the end of the year	48,213	51,003

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

None

(Segment information)

(i) Summary of reportable segments

The Group's reporting segments are components of the Group's organizational structure, and the Group has five reportable segments: Distribution & Enterprise, Telecommunication, Public & Regional Business, Finance & Social infrastructure, and IT Services.

The Distribution & Enterprise, Telecommunication, Public & Regional Business, and Finance & Social Infrastructure Business Groups are classed as organizations that can provide optimum solutions to meet customer needs, and each of these segments conduct comprehensive proposal and sales activities ranging from consulting to system design, construction, maintenance and operation services.

The IT Services Business Group's role is to collaborate with the abovementioned four reportable segments over proposals and procurement in the service-type business which consists mainly in IT infrastructure outsourcing and maintenance and operations.

As part of structural changes implemented on April 1, 2017, the Company established the Advanced IT Strategy Group to strengthen resources for new business and new product development and to promote technological innovation, and integrated the Science & Engineering Systems Division, Corporate IT Systems Division and Innovation and R&D Division and included them in the "Other" category. As a result, effective from the fiscal year under review, the Corporate IT System Division and Innovation Promotion Division, which were previously included in "Reconciliations," are now included in "Other." Also, the Company took the replacement of backbone systems as an opportunity to shift to a structure under which each reportable segment is responsible for products that were previously the responsibility of administrative departments and this caused fluctuation in "Inter-segment revenue or transfers" for some reportable segments.

The segment information for the previous fiscal year has been prepared based on the reportable segment classifications after the change.

The segments reported below are business units of the Group that have separate financial information available and that are subject to periodical examinations by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance

(ii) Information about reportable segment revenue, profit or loss, assets, etc.

The accounting policies and procedures used for the reportable segments are the same as those used for preparation of the consolidated financial statements. Intersegment transactions are based on actual market prices.

The Group's reportable segment information is as follows.

Previous consolidated fiscal year (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable Segment						Other (Note1)	Total	Reconciliations (Note2)	Consolidated
	Distribution & Enterprise	Telecommunications	Public & Regional Business	Finance & Social Infrastructure	IT Services	Subtotal				
Revenue										
Revenue from external customers	126,947	148,563	37,740	50,787	10,707	374,746	33,102	407,849	—	407,849
Inter-segment revenue or transfers	4,344	2,543	667	674	178,372	186,602	812	187,414	(187,414)	—
Total	131,291	151,107	38,408	51,461	189,080	561,349	33,915	595,264	(187,414)	407,849
Profit before tax (Segment profit)	7,198	14,608	937	2,734	7,750	33,229	901	34,131	(2,831)	31,300
Segment assets	58,295	60,593	14,908	15,134	77,435	226,367	32,624	258,992	74,130	333,123
Other items										
Financial income	39	52	5	14	11	123	29	152	111	263
Financial costs	(16)	(3)	(5)	(2)	(53)	(81)	(9)	(91)	(66)	(158)
Share of profit of associates accounted for using the equity method	41	—	—	—	—	41	25	66	—	66
Loss (gain) on sale and valuation of investments in associates	—	—	—	—	—	—	—	—	—	—
Depreciation and amortization expense (Note 3)	(1,743)	(366)	(210)	(228)	(3,663)	(6,212)	(1,954)	(8,167)	(270)	(8,438)
Impairment losses	(1)	—	—	—	(65)	(67)	—	(67)	(2)	(69)
Investments accounted for using the equity method	328	—	—	—	—	328	336	664	—	664
Capital expenditures (Note 3)	1,667	273	130	94	4,765	6,930	3,676	10,606	141	10,748

(Notes) 1. “Other,” which is not included in the reportable segments, consists of foreign subsidiaries and a science business segment, etc.

2. Reconciliations are as follows:。

(1) Reconciliations of segment loss of 2,831 million yen include primarily administrative expenses and investments that are not allocated to business segments of 2,623 million yen.

(2) Reconciliations of segment assets of 74,130 million yen include corporate assets of 85,490 million yen and intersegmental elimination of receivables and payables of (12,682) million yen. Corporate assets consist of primarily cash and cash equivalents that are not allocated to business segments and assets related to the administrative department.

(3) Reconciliations of financial income in other items of 111 million yen include 121 million yen of gains related to the administrative department that are not allocated to business segments. Reconciliations of financial costs of 66 million yen include 79 million yen of losses related to the administrative department that are not allocated to business segments.

Reconciliations of depreciation and amortization expense of 270 million yen include depreciation and amortization on corporate assets of 475 million yen and elimination of unrealized gains of 204 million yen.

Reconciliations of impairment losses of 2 million yen are impairment losses related to corporate assets.

Reconciliations of capital expenditures of 141 million yen include an increase in corporate assets of 234 million yen and elimination of unrealized gains of (92) million yen.

3. Depreciation and amortization and capital expenditure under other items include amounts associated with long-term prepaid expenses.

Consolidated fiscal year under review (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable Segment						Other (Note1)	Total	Reconciliations (Note2)	Consolidated
	Distribution & Enterprise	Telecommunications	Public & Regional Business	Finance & Social Infrastructure	IT Services	Subtotal				
Revenue										
Revenue from external customers	140,650	151,158	39,055	54,563	10,727	396,155	33,470	429,625	—	429,625
Inter-segment revenue or transfers	6,288	3,866	269	315	178,258	188,997	880	189,877	(189,877)	—
Total	146,938	155,025	39,324	54,879	188,985	585,152	34,350	619,503	(189,877)	429,625
Profit before tax (Segment profit)	8,839	12,842	1,430	2,985	6,751	32,849	986	33,836	(106)	33,729
Segment assets	62,569	72,697	13,394	19,054	78,609	246,325	37,120	283,445	70,436	353,882
Other items										
Financial income	43	58	3	17	11	134	48	183	391	574
Financial costs	(29)	(5)	(3)	(0)	(174)	(214)	(3)	(217)	(594)	(811)
Share of profit of associates accounted for using the equity method	33	—	—	—	—	33	38	71	(65)	6
Loss (gain) on disposal and remeasurement of investments in subsidiaries and associates	—	—	—	—	—	—	189	189	1,147	1,337
Depreciation and amortization expense (Note 3)	(1,429)	(328)	(180)	(93)	(3,847)	(5,878)	(2,765)	(8,643)	(176)	(8,820)
Impairment losses	—	—	—	—	(9)	(9)	-	(9)	(0)	(10)
Investments accounted for using the equity method	320	—	—	—	—	320	170	491	233	724
Capital expenditures (Note 3)	505	355	182	99)	2,876	4,019	1,242	5,262	(53)	5,208

(Notes) 1 . "Other", which is not included in the reportable segments, consists of foreign subsidiaries and Advanced IT Strategy Group, etc.

2. Reconciliations are as follows:

(1) Reconciliations of segment loss of 106 million yen include primarily administrative expenses and investments that are not allocated to business segments of 834 million yen.

(2) Reconciliations of segment assets of 70,436 million yen include corporate assets of 86,462 million yen and intersegmental elimination of receivables and payables of (12,965) million yen. Corporate assets consist of primarily cash and cash equivalents that are not allocated to business segments and assets related to the administrative department.

(3) Reconciliations of financial income in other items of 391 million yen include 399 million yen of gains related to the administrative department that are not allocated to business segments. Reconciliations of financial costs of 594 million yen include 602 million yen of losses related to the administrative department that are not allocated to business segments.
Reconciliations of share of loss of associates accounted for using the equity method of 65 million yen are profit or loss related to associates accounted for using the equity method managed by the administrative department of the Company.
Reconciliations of loss (gain) on disposal and remeasurement of investments in subsidiaries and associates of 1,147 million yen are profit or loss related to investments in associates managed by the administrative department of the Company.
Reconciliations of depreciation and amortization expense of 176 million yen include depreciation and amortization on corporate assets of 396 million yen and elimination of unrealized gains of 219 million yen.
Reconciliations of impairment losses of 0 million yen are impairment losses related to corporate assets.
Reconciliations of investments in associates accounted for using the equity method of 233 million yen are investments to associates accounted for using the equity method managed by the administrative department of the Company.
Reconciliations of capital expenditures of (53) million yen include an increase in corporate assets of 65 million yen and elimination of unrealized gains of (118) million yen.

3. Depreciation and amortization and capital expenditure under other items include amounts associated with long-term prepaid expenses.

(iii) Information on products and services

Previous consolidated fiscal year (from April 1, 2016 to March 31, 2017)

(Millions of yen)

	Services	SI development	Products	Total
Revenue from external customers	164,932	87,158	155,757	407,849

Consolidated fiscal year under review (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Services	SI development	Products	Total
Revenue from external customers	170,918	91,574	167,132	429,625

(iv) Information about geographical areas

(a) Revenue from external customers

Information about geographical areas is omitted as revenue from external customers in Japan makes up most of revenue recorded in the consolidated statement of income.

(b) Noncurrent assets

A breakdown of the carrying value of noncurrent assets (excluding financial instruments, deferred tax assets and postemployment benefit assets) by location is as follows.

(Millions of yen)

	Previous consolidated fiscal year (As of March 31, 2017)	Consolidated fiscal year under review (As of March 31, 2018)
Japan	47,057	43,363
Asia	6,500	7,122
Others	15	23
Total	53,574	50,509

(v) Information on major customers

Major external customers contributing to the revenue recorded in the consolidated statement of income are as follows.

(Millions of yen)

	Main related reportable segment	Previous consolidated fiscal year (from April 1, 2016 to March 31, 2017)	Consolidated fiscal year under review (from April 1, 2017 to March 31, 2018)
NTT Group	Telecommunication	50,165	50,214
KDDI Group	Telecommunication	47,513	40,695

(Earnings per share)

Basic earnings per share for the previous consolidated fiscal year and the consolidated fiscal year under review is calculated as follows.

	Previous consolidated fiscal year (from April 1, 2016 to March 31, 2017)	Consolidated fiscal year under review (from April 1, 2017 to March 31, 2018)
Profit attributable to CTC's shareholders (millions of yen)	21,861	23,581
Weighted average number of shares of common stock outstanding (thousand shares)	231,228	231,111
Basic earnings per share attributable to CTC's shareholders (yen)	94.55	102.04

(Notes) 1. Information on diluted earnings per share for the previous consolidated fiscal year is omitted because there are no potential shares outstanding. Information on diluted earnings per share attributable to CTC's shareholders (yen) for the consolidated fiscal year under review is omitted because there are no potential shares with a dilutive effect outstanding.

2. The Company conducted a two-for-one share split for its common shares on April 1, 2018. Basic earnings per share attributable to CTC's shareholders (yen) is calculated on the assumption that the stock split had been carried out at the beginning of the previous consolidated fiscal year.

(Material subsequent events)

Stock split

The Board of Directors of CTC passed a resolution at the meeting held on February 1, 2018 to implement a stock split with the effective date of April 1, 2018.

(i) Purpose of stock split

The stock split is conducted to reduce the price per unit of investment, thereby organizing the investment environment to make it easily accessible for investors, aiming for an increase in the number of CTC's investors, and a rise in the liquidity of CTC stock.

(ii) Overview of stock split

(a) Method of stock split

With the record date set as March 31, 2018, (in effect March 30, 2018, since March 31, 2018 is a non-working day of the administrator of the shareholder registry), each share of common stock held by shareholders written or recorded in the last shareholder registry on the record date will be split into two (2-for-1 split).

(b) The number of shares added by the stock split

Total number of shares outstanding before the stock split	120,000,000
The number of shares added by the stock split	120,000,000
Total number of shares outstanding after the stock split	240,000,000
Total number of authorized shares after the stock split	492,000,000

(c) Schedule for the stock split

Record date announcement Friday, March 9, 2018

Record date Saturday, March 31, 2018

(in effect March 30, 2018, since March 31, 2018 is a non-working day of the administrator of the shareholder registry)

Effective date Sunday, April 1, 2018

The amount of "earnings per share" is calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.