

I-NET CORP.

Annual Report

FY2016

(April 1,2015 - March 31,2016)




Greetings

We would like to sincerely thank you for your continuous support to I-NET CORP.

We are pleased to express our gratitude in greeting and take this opportunity to announce the 45th term IR Report.



Financial results for the current fiscal year ended 2016
(April 1, 2015 – March 31, 2016)

Net sales	24,434 mil.yen	Year-on-year term 105.2% 
Operating income	1,918 mil.yen	Year-on-year term 120.1% 
Current net profit attributable to owners of parent company	1,114 mil.yen	Year-on-year term 113.5% 

Report of the 45th term

The Japanese economy in the current consolidated fiscal year 2016 has been under the circumstance where there was a concern over impacts on corporate profits due to downward overseas economic situations such as slowdown of emerging countries' economies notably like China, despite the fact that the recovery continued with improvements of corporate profits and employment situations that were achieved by continuous economic measures including positive monetary ease.

In the data processing service industry where our company group is engaged in, corporate IT investment has remained steady with the background of economic recovery. Among them, a keen interest has been attracted

in investments aiming for improvements of sales expansion and customer service such as smart devices and utilization of Big Data, etc.

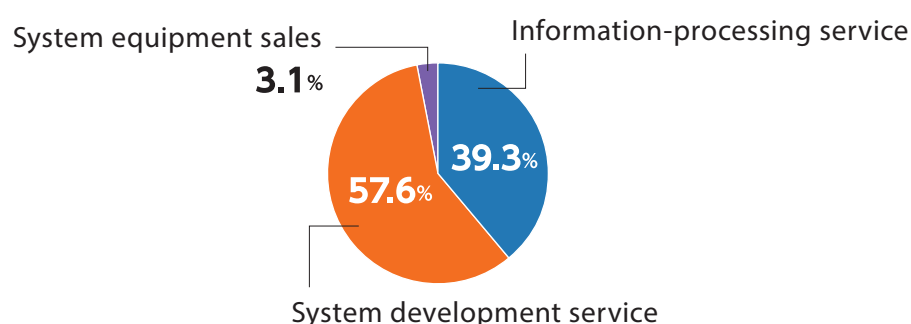
Under the circumstance, our company group has adequately fulfilled diversifying customer needs, and responded to demands of system development amid the recovery trend, as well as have committed to an improvement of product appeal such as data center and cloud service.

Consequently, we have achieved net sales of 24,434 mil. yen (105.2% year-on-year), operating income of 1,918 mil. yen (120.1% year-on-year), ordinary income of 1,838 mil. yen (118.9% year-on-year), and current net profit attributable to owners of parent company of 1,114 mil. yen (113.5% year-on-year).

With respect to dividend, we regard continuous stable dividend as a basic policy. In adherence with the policy, we have set annual dividend for the current fiscal year 2016; in addition to normal dividend payment of 32 yen per share, anniversary dividend of 2 yen was added in commemoration of the 45th anniversary of the founding of the company, making it 34 yen per share in total.

We would like to express our deepest gratitude for further understanding and support from our valuable shareholders.

Net sales by service category



Information-processing service

Net sales	9,607 mil.yen
Composition of sales	39.3%
Year-on-year term	105.5%

System development service

Net sales	14,081 mil.yen
Composition of sales	57.6%
Year-on-year term	104.6%

System equipment sales

Net sales	746 mil.yen
Composition of sales	3.1%
Year-on-year term	112.2%

Top message

We intend to realize sustainable growth by further promotion of the business policy and the business model of our company's competencies.



How do you evaluate the financial results of the FY ended March, 2016?



We achieved revenue growth for five terms consecutively and surpassed a record high profit with promotion of the business policy and the synergy effect of the entire group.

The financial results ended March, 2016 (45th term) have resulted in net sales of 24,400 mil. yen (105.2% year-on-year), operating income of 1,910 mil. yen (120.1% year-on-year), ordinary income of 1,830 mil. yen (118.9% year-on-year), leading to growth in net sales for five terms consecutively and an update of the record high profit.

Factors of this performance improvement stems from steady progress of stock business such as "data center business" and "cloud service" on which we have focused for the past few years, as well as growth of "system development service" that is enabled by responding to IT investment needs from the companies becoming more active.

These accomplishments are ascribable to the synergy effect of the entire group, as well as the apparent outcomes of "end-user-oriented" customer acquisition and "expansion of stock business" that are our business policies.

End-user-oriented/thinking

Expansion of stock business

Change and evolution



Please tell us about "competencies" and "business models" of I-NET CORP that support buoyant business performance.



Our competencies are that we can provide our customers in broad industries and business conditions with various kinds of services with "one stop."

The competencies of our company group are that we can provide various kinds of services related to IT in our customers' broad industries and business conditions.

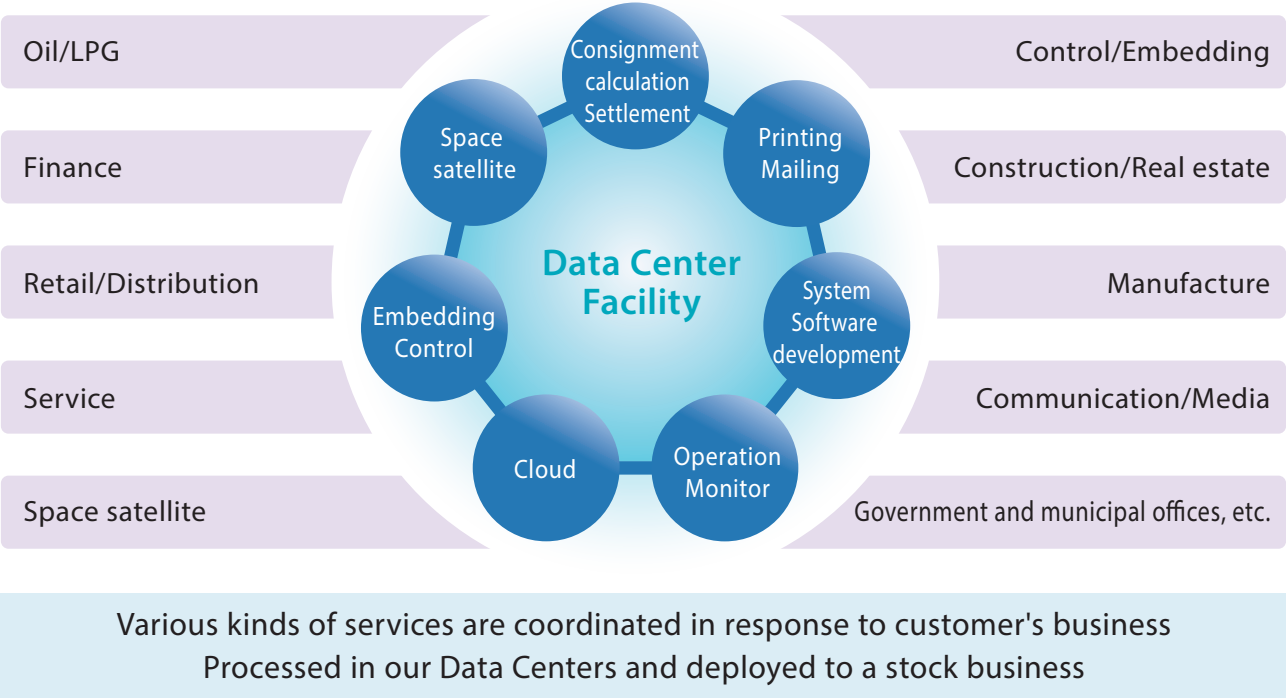
These include the capabilities that can provide not only system development, or specialty of data center alone, but also development and operation of a system, and even diverse cloud services. Additionally, we are also engaged in printing of bills and each type of slip, as well as enclosing, sealing and shipping. We intend to distinguish ourselves from our competitors by providing services that involve from IT-related upstream to downstream as a comprehensive set, as well as high security level services.

Business of our company group makes use of data center where various kinds of business entities are coordinating and surrounding around it organically such as settlement business of SS (service station = gas stand) as a core business, printing/mailling, system development, and cloud service, etc. These business entities demonstrate the synergy effects not only by sales promotion with a single business entity but also by cross selling between each business entity, whereas resource sharing of facilities, etc. are also performed.

For example, there are some cases where full services are made available with which a loan system created by our company is kept in a data center, as well as issuing of cards necessary for business, and printing and shipping of usage details and reminders. Due to the capability that provides data center and mailing service with one stop for the customers such as local governments and each kind of outsourcer that handle a large amount of personal data, we can distinguish ourselves from other competitors. There are some cases in point where we received orders.

In this manner, the convenience of the customers is enhanced by providing not only a single service in each business entity, but also services from multiple and multifaceted perspectives. Furthermore, if these customers consider to switch to partially less expensive services provided by other companies, there will be the cost for switching incurred. To be more specific, our service ensures a structure where our company's superiority is enhanced further, while barriers to entry by other companies are raised in both aspects of quality of service as a matter of course, and cost. Our company has acquired customers with the strategy like this, and has expanded a stock business. For supplementary explanation, a stock business represents a business that is based on a continuing contract. This kind of business has the feature where sales can be appropriated steadily on a long-term basis, leading to stable operating foundations. In general, an upfront investment such as a capital investment is necessary, but stable growth can be anticipated since services are provided without being not dependent on human resources, resulting in an increase of sales and profit per capita.

● **Business model of I-NET CORP.**





Please tell us about an outlook for the FY ended March, 2017.



We intend to remain buoyant while aiming to expand sales and surpass a record high profit.

With regard to business environment in the current fiscal year (46th term) surrounding our company, the domestic economy is anticipated to progress with recovery.

Along with this trend, corporate IT investment is also deemed to continue and increase, while IT market will head for expansion. Moreover, corporations are pursuing utilization of cloud services for cost reduction, whereas they are making use of Big Data and AI, etc., as well as are accelerating strategic IT investment aggressively aiming for further business expansion.

In order to meet these corporate needs, we will put focus on system, data center business, and cloud service, etc. more than ever.

From the above, with regard to consolidated performance for the current fiscal year (46th term), we will strive to improve further data center business and cloud service, as well as expand the existing business such as system development service, etc., with a forecast; net sales of 25,700 mil. yen (105.2% year-on-year), operating income of 2,050 mil. yen (106.8% year-on-year), ordinary income of 1,950 mil yen (106.1% year-on-year), and current net profit attributable to owners of parent company of 1,280 mil. yen (114.8% year-on-year).

● Plan for the 46th term

Net sales	25,700 mil. yen (consecutive growth for six terms)
Operating income	2,050 mil. yen (record high)
Ordinary income	1,950 mil. yen (record high)
Current net profit attributable to owners of parent company	1,280 mil. yen (record high)



Please tell us about initiatives designed for the sustainable growth down the road.



We intend to take initiatives with a focus on five mid-term measures.

Firstly, expansion of system development service. Demands for a system keep expanding in financial institutions and each industry, and accordingly we are aware of abundant projects. By taking full advantage of a tailwind, we are committed to make it expand further.

Secondly, we promote further data center business and cloud service. Recently we have faced challenges where we need to bring about innovations with utilization of IoT and Bid Data. In order to carry them out, nothing is more fruitless than procuring all IT assets at companies' own expense. For this reason, utilization of data center as cloud, disaster countermeasures, and responding to IoT will keep growing more than ever. Our company is determined to capture these demands, and accumulate a profit without new and additional investment by enhancing the operation efficiency of the Data Centers that we currently have, whereas by accelerating this, the rate of returns is further elevated.

What comes next is acquiring a further share of SS business. SS business is regarded as a core business in our

company, and is planned to surpass a record high along with net sales and profit for the current fiscal year as well. These businesses can be applied and used in the completely equivalent business model, even in case of a hydrogen station. Therefore, from this time on, we aim for the share leadership with further share acquisition while considering an acquisition of these business as well. On account of this, our company is expected to keep more advantageous positions, and relish more benefits.

What comes next is the coordination with local calculation centers. Some progresses of business alliances with several calculation centers have been already made. In the future, we pursue business improvements by reinforcing coordination further including new companies, whereas enhance the mutual efficiency with data center business, cloud service, and BPO business, etc.

Lastly, the scale expansion by M&A. In the future, we are considering to perform M&A proactively with an eye towards acquisition of new technology and scale expansion of business, leading to synergy effect and benefits for the entire group.

● Mid-term policy

- ① Expansion of system development service (abundant projects)
- ② Increase of profits focusing on data center service/cloud service that becomes a basis of IoT and Big Data (improvement of operating rate and efficiency)
- ③ Acquisition of further share of SS business
- ④ Coordination with local calculation centers (capital and business)
- ⑤ Acquisition of new technologies and scale expansion with M&A



In closing, please give a message to the shareholders.



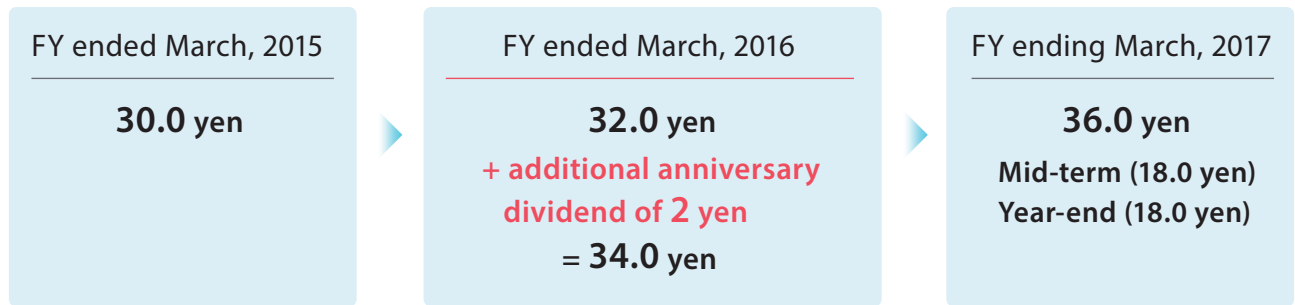
We aim to implement an increase of dividend considering a buoyant performance, and continuous stable profit return due to a performance expansion.

Our company is determined to implement stable profit returns to the shareholders while realizing sustainable growth with further promotion of business policies and business models that take advantage of our competencies, as well as aiming for reinforcement of the financial basis.

With respect to dividend, as income and profit are anticipated to rise in the current fiscal year (46th term), we plan to set; in addition to normal dividend payment of 32 yen in the previous term (45th term), anniversary dividend of 2 yen is added in commemoration of the 45th anniversary of the founding of the company, making it 34 yen, and further allocate additional 2 yen, resulting in totally 36 yen that achieves a dividend raise consecutively for five terms.

Last but not least, our entire group is committed to press forward for the target. We would like to express our deepest gratitude for further support and guidance from our valuable shareholders.

- Plan of annual dividend per share (planned to **increase consecutively for five terms**)



Report of primary activities

Apr. We contributed to the initiatives for a hydrogen society by the Iwatani Group



We received an order of credit processing of "Iwatani Hydrogen Station" operated by Iwatani Industrial Gases Corp. Growing number of hydrogen stations are expected be constructed spreading on a national scale from urban areas of Tokyo, Nagoya, Osaka, and Fukuoka, and accordingly we will make efforts to contribute to the initiatives for a hydrogen society in the future.

May **Nov.** Account settlement briefing for institutional investors



We held an account settlement briefing periodically (biannually) for security analysts and fund managers in order to promote understandings on our company from institutional investors. At this account settlement briefing, we explained our company group's business strategy, business confidence in IT industry, and status of our company group, as well as an outlook on performance in the next term in the end.

Jun. Ordinary general meeting of shareholders and business briefing



We held the 44th ordinary general meeting of shareholders at the Yokohama Bay Hotel Tokyu. At the business briefing after the general meeting, the President, Kajimoto explained an overview of performance and business strategy of our company group to deepen understandings from the shareholders.

Jul. **Nov.** Dream Cloud Seminar 2015, Dream Cloud innovation Day 2015

Dream Cloud Seminar 2015



Dream Cloud innovation Day 2015



We held seminars twice to explain with introductions of user cases on our company's cloud service, "Dream Cloud®" that customers with over 1,000 companies have utilized. Total number of 1,200 people or more participated, leading to many inquiries.

Aug. I-NET CORP. and NEOJAPAN Inc. started considering deployment of joint business

For coordination between the applications owned by both companies, deployment of joint business, as well as sales of cloud version in Southeast Asia, "desknet'sNEO", we provide a foundation of "NextGenerationEASYCloud®" as a platform, while support from the perspective of operation and sales.

Sep. Companies that introduced DreamCloud® exceeded 1,000



Companies that introduced DreamCloud® deployed by our Data Centers exceeded 1,000

Sep. Oct. Company information session for private investors



We held company information sessions in three cities, Tokyo, Osaka, and Fukuoka. The President, Kajimoto explained initiatives of our company group.

Oct. Renewal of our company's home page



PC site



Smartphone site

We made a renewal of our company's home page. We highly appreciate your access to the home page available by both the PC site and the smartphone site.

inet

Search

Aug. Sep. Dec. Jan. TV commercial of our company was broadcasted



As a commercial for recruitment activity, TV commercial that shows a figure of young employee of our company working vividly was broadcasted by Television KANAGAWA, Inc. for four months.



Nov. Jan. Mar. Inaugural ceremony of "Cheering Party for Women in Kanagawa Prefecture" Activities of our company's Woman Committee were broadcasted on TV PR movie of "Cheering Party for Women in Kanagawa Prefecture"



Our company was assigned to the "Cheering Party for Women in Kanagawa Prefecture" formed by the ten companies that are proactive in initiatives for women success and the prefectural governor, Kuroiwa. On account of this, activities of our company's Woman Committee were introduced at commercials and programs featuring it by Television KANAGAWA, Inc.. PR movie of "Cheering Party for Women in Kanagawa Prefecture" was also broadcasted at Yokohama station and at the home page of Kanagawa Prefecture.

Kanagawa Women's Active Roles Support Team

Search

Kanagawa Women's Active Roles Support Team Official site

Basic Idea for Corporate Governance

We promote construction and maintenance of business management systems as priority items which can cope with a change of the management environment quickly, while we improve business transparency for the purpose of effectiveness and efficiency of business operations, reliability of the financial statements, the compliance of the relevant laws and ordinances.

Governance Structure and Schemes

Following is the situation of the corporate governance structure overlooking our business management organization etc. concerning the management decision making, execution and supervision.

Supervisory Board

We adopt an auditor system. Our supervisory board consists of four people, one of them is a certified public accountant, who has a considerable degree of knowledge about finance and accounting, and the other three people are outside auditors.

Then, the auditors hold the supervisory board every month aiming at improving the auditors' auditing, and take side by side with Internal Audit Office for auditing the internal audit regularly so as to confirm the effectiveness of internal control and actual business operations performance. Furthermore, we carry out auditors' liaison meeting as well as auditing department liaison meeting including group companies, where we intend to share information and improve the whole Group.

Board of Directors

In us, the board of directors is held once a month regularly, which consists of 11 people including two outside directors. Auditor always attends, and expresses positive and effective opinion standing on the position of inspecting and supervising the management, which results in the administration system the corporate governance functions appropriately.

Group Executive Committee

"Group Executive Committee", composed of directors, a standing statutory auditor, division heads of our company, presidents of subsidiaries, and the persons in charge from affiliates, is held every month and examine the business performance report from each division and forthcoming measures mainly on budget control.

Accounting Auditor

We assign "The PricewaterhouseCoopers Arata Institute" as our accounting auditor, and ask for the auditing of the consolidated subsidiaries as well, which also copes with the alteration of the accounts system swiftly.

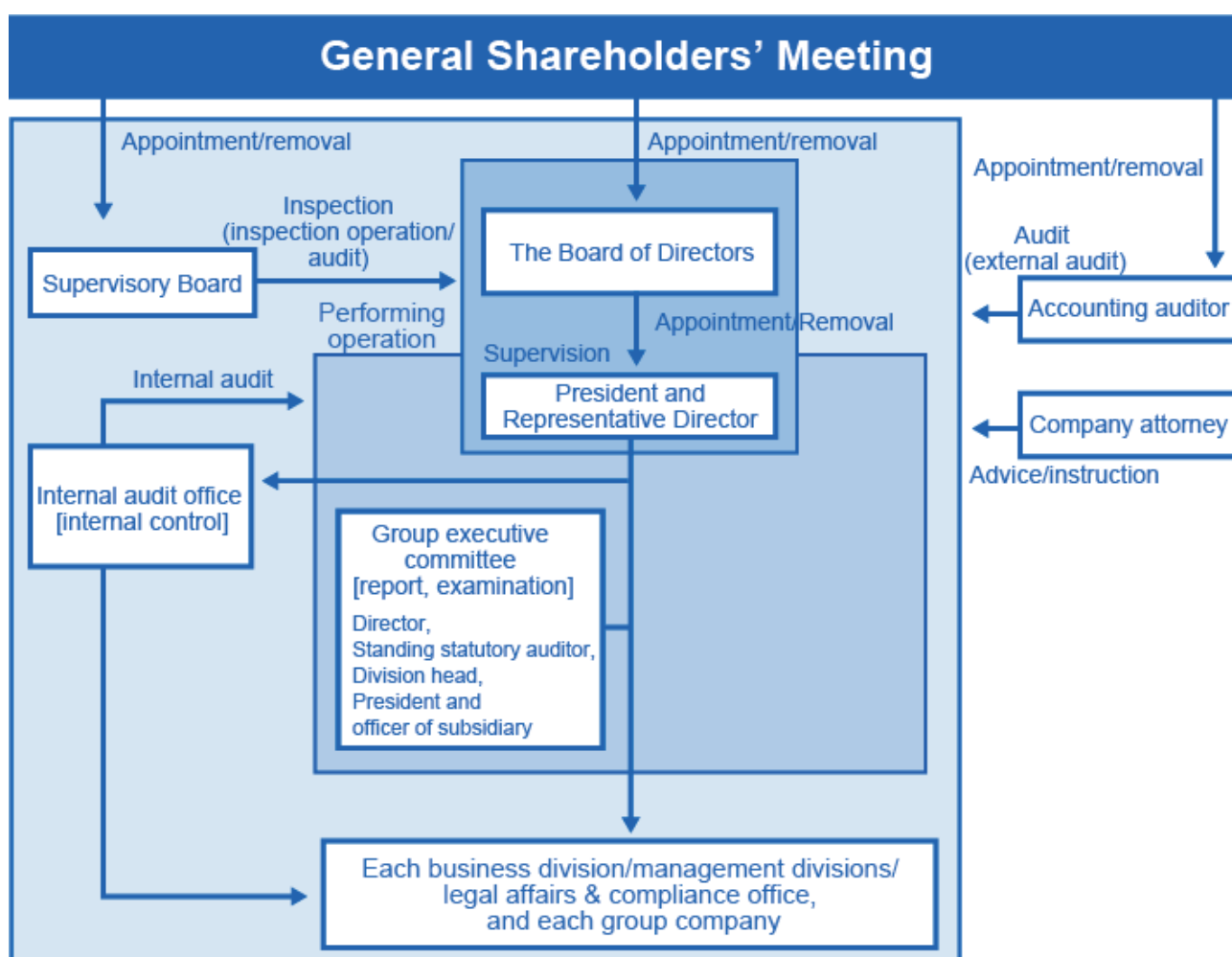
The certified public accountants who executed the audit and attestation services for our Group are Yasuhiro Nakajima and Masahide Kato. Further, auxiliary personnel pertaining to inspection operation are five certified public accountants and other nine staff. The accounting auditor and a standing statutory auditor have a regular meeting and mutually cooperate by changing information as needed.

(Note) As to the certified public accountants who executed the Audit and Attestation Services, the number of years involved in continuous auditing is less than seven years, so the description is omitted.

Concerning Legal Affairs

We conclude the advisory contracts with plural law offices and, therefore, we can receive advices and instructions at right moment concerning overall legal affairs.

Organization Chart



Situation of the Compliance System

To promote the compliance of laws and ordinances as a part of the corporate governance, we founded the Compliance Room (current Legal Affairs/ Compliance Office) under the structural reform dated April 1, 2004. As the first step, this reform embodied the compliance as indispensable for retaining and developing the company.

Compliance Basic Policy

We advocate following compliance basic policies, observe them, and behave ourselves at all times based on "open and honorable spirit".

1. We try hard to build the trust from the society through sound and appropriate task performance, while we always recognize our dignified social responsibility which the information service business should inherently have.
2. We try hard to seek for the transparent management which leads to social evaluation by widening the span of communication with the society including positive and fair disclosure of our accurate management information.
3. We try hard to carry out honest and fair company business activity observing the laws, ordinances or the rules which we have to follow depending on place and time.

Concerning Privacy Policy

Prioritizing the measures against action for "Personal Information Protection Law" which was completely enforced on April 1, 2005, our company having the information Data Centers, carried out the distribution of the brochure to all employees through internal groupware in our company so as to deepen their understanding to "Personal Information Protection Law", which resulted in enhancement of their consciousness.

Furthermore, we try hard to grasp the learning state and the understanding degree of all employees as our introduced e-learning enables us to access from each branch all over the nation as well as from their homes.

We keep on expanding the contents and promoting the awareness campaign.

Additional Information

We reviewed sales management regulations and prevention of insider trading regulations etc., which was instructed to all employees throughout the nation so as to continuously awaken individual consciousness toward the risk management and legal compliance.

As for the insider trading, particularly, we distribute the booklet, "Insider trade regulation Q & A", issued by the Tokyo Stock Exchange Co., Ltd. to all directors and employees including subsidiaries so as to promote their understanding and observance of the regulation contents.

Further, since 2008, in the compliance education program for new employee, we improved the content emphasizing the compliance and put emphasis on the observance of "I-NET Charter of Corporate Code" established in March, 2007 as well as the importance of the compliance.

Social Contribution/Environmental Activity

We introduce social contribution activities by I-NET CORP.

Social Contribution Activity to the Local Community

I-NET CORP. positively works on social contribution activities to the local community such as job creation, co-sponsorship to local held events, support to cultural activities or disaster recovery assistance.

Activity to Promote Employment of Persons with Disabilities

I-NET CORP. sincerely considers it as one of utmost essential assignments that we provide strong support for persons with disabilities, same as with persons who are not physically handicapped, to be employed with the occupation fit for their ability and aptitude so that we can materialize the society that they can spend independent life in community. As one of these activities, we founded I-NET DATA SERVICE CORP. , special exceptional subsidiary, and support persons with disabilities for "their independence, growth, autonomy" in daily life in the community.

Special Exceptional Subsidiary

Based on "The Act for Promotion of Employment of Persons with Disabilities," special exceptional subsidiary is defined as that enterprises establish a subsidiary which especially considers yield volume circumstances or working condition when employing the person with disabilities, and receives the authorization of the Minister of Health, Labor and Welfare, regarded as satisfying constant condition.

Activity to the Environment

I-NET CORP. built the environmental management system in the Data Centers (the 1st Data Center, the 2nd Data Center), acquired the certification of ISO14001 and has tried to reduce the environmental load.

As the natural environmental problem in the community and the earth becomes severe and detrimental topics these days, preservation of the global environment becomes urgent and pressing challenges common to human being. The strongly-built and high level secured Data Centers of our company operate as information infrastructure of industry and the society without stopping for 24 hours a day, for 365 days a year.

We considered minimizing the influence to the preservation of environment as one of our social responsibilities through the operation of our Data Centers and established the environmental policy to carry out the activities for environment load reduction.

Environmental Policy

1. We recognize the influence on environment by the business operation of our Data Centers, and promote

resource saving, energy saving, recycling, prevention of global warming, and hereby try to reduce environmental load.

2. We observe the relevant laws, ordinances and the rules concerning the environment as well as the requirements which our Data Centers consent to.
3. We manage the influence on environment by the business operation, fix the environmental purpose and target, perform their review periodically, and hereby promote a planned improvement activity.
4. We make this environmental policy to be known to all employees working in our Data Centers, carry out necessary education training programs required for an employee, and hereby try to raise consciousness for the environment.
5. We announce this environmental policy outside the company, and hereby work on the environmental preservation.

April 1, 2014 I-NET CORP.

The 1st Data Center

The 2nd Data Center

Masayuki Shimura, Supervisor in charge of Data Center management

Concerning human relations to our employees

I-NET CORP. promotes the innovation of individual work style to make working environment where our employees can exert all their abilities in peace.



Kurumin

I-NET CORP. was authorized by the Minister of Health, Labor and Welfare (authority delegated to Director of Kanagawa Labor Bureau) pursuant to Law for Measures to Support the Development of the Next Generation as "Child care support company" on May 31, 2012, and acquired Kurumin, next generation support certification logo.

"Law for Measures to Support the Development of the Next Generation"

This law is enforced to carry out unitary measures (measures to support the development of the next generation) among the national government, local municipal governments, enterprises and peoples together for the purpose of making the environment where children for next generation can be born and raised in good health.

When we achieved the requirements for approval after we prepared and submitted the action plan called "General employer action plans (companies, etc.)", we are authorized as "Child care support company".

Requirements for approval

1. Having prepared appropriate action plan according to Action Plan Formulation Guidelines concerning the creation of an employment environment.
2. Having achieved the targets which were carried out as per the prepared action plan.
3. Announcing the action plan, and make employees to be known to all appropriately.
4. More than one person among male employees acquired the parental leave during action planned period.
5. More than 70% of a parental leave acquisition rate of the female employees during action planned period.
6. Taking necessary measures for an employee bringing up a child of 3 year of age or more before the time of commencement of elementary school concerning "Child care leave system", "Limitation on overtime work system", and "System pertaining to measures to shorten working hours & measures to change the starting time and the ending time of the work hours".
7. Carrying out one of following ① - ③.
 - ① Measures for reduction of overtime work
 - ② Measures for promotion of the acquisition of annual paid leave
 - ③ Measures for creation of a variety of working conditions to contribute to other working style review
8. No material fact found to violate the relevant laws, orders pertaining to the relevant law, or other relevant ordinances.

I-NET CORP. promises to pursue further good working environment, where the work and child care allowed to stand side by side so that making family life and life in a working place balanced, securing easy to work environment, and all employees hereby can exert their own ability sufficiently.

Kanagawa Child Care Supporters

I-NET CORP. acquired the certification by Kanagawa prefectural government pursuant to "Kanagawa Prefecture, Children/Childcare Support Promotion Ordinances" as a promotion company on July 3, 2008.

What is "the certification system pursuant to Kanagawa Prefecture, Children/Childcare Support Promotion Ordinances"?



The certification system pursuant to Kanagawa Prefecture, Children/Childcare Support Promotion Ordinances" is the system that Kanagawa prefectural government authenticates a company institutionalizing children/childcare support for employees as a "Kanagawa childcare supporter".

Requirements for certification

1. Following requirements are clearly regulated as internal system, which systems or measures are obliged under the Child Care and Family Care Leave Law.
 - ① Childcare leave
 - ② Sick/injured child care leave for an employee bringing up before the time of commencement of elementary school
 - ③ Limit of overtime work, the late-night work for an employee bringing up a child before the time of commencement of elementary school

- ④ Measures to shorten working hours for an employee bringing up a child younger than 3 years of age
- 2. Being clarified a responsible person in the company concerning support for balance of work and child care.
- 3. Announcing public inside and out the planned promotion to carry out for children/childcare support.
- 4. Contents of the plan and business activities being appropriate in the light of relevant laws and ordinances.

I-NET CORP. approves of this purpose, and will push forward maintaining and improving the working environment where our employees can not only have balance of work and child care but are easy to work.

Stock Information

Basic Information of Stock

Overview of Stock

(As of March 31, 2016)

Authorized shares	60,000,000 shares
Number of shares outstanding	14,765,840 shares
Capital	¥3,203,992,690
The number of shareholders	3,950 people

Major shareholders

Shareholders

	Sep 30, 2014	Mar 31, 2015	Sep 30, 2015	Mar 31, 2016
	Thousand shares			
Individual and Others	10,294	9,973	9,696	9,485
General corporation	1,187	1,388	1,389	1,382
Financial institution	2,263	2,376	2,443	2,638
Securities company	131	234	182	125
Foreigner	890	794	1,055	1,133
Total	14,765	14,765	14,765	14,765

	Sep 30, 2014	Mar 31, 2015	Sep 30, 2015	Mar 31, 2016
	person			
Individual and Others	4,166	4,353	4,284	3,764
General corporation	58	62	63	61
Financial institution	27	27	26	27
Securities company	23	29	25	29
Foreigner	50	51	75	69
Total	4,324	4,522	4,473	3,950

※1,' Individual and Others ' include company-owned stocks.

2,'General corporation'include securities depository center stock

3,Stock figures are rounded to 1,000.

Major shareholders(Top 10)

(As of March 31, 2016)

	Number of Shares Held	Shareholding Ratio
	Thousand shares	
Noriyoshi Ikeda	1,672	11.57%
I-NET Employee Stock Ownership	1,262	8.73%
Kouji Kitagawa	710	4.91%
The Bank of Yokohama,Ltd.	643	4.45%
Japan Trustee Services Bank, Ltd.	526	3.64%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEM BOURG FUNDS/UCITS ASSETS	472	3.27%
N and I Co.,Ltd.	287	1.99%
NIPPON LIFE INSURANCE COMPANY	250	1.73%
The Master Trust Bank of Japan,Ltd.	227	1.57%
Mitsubishi Research Institute DCS Co.,Ltd.	217	1.51%

※1.Number of shares, it has been rounded down to the nearest thousand shares.

2.The shareholding ratio is calculated after deducting treasury stock 309,977 shares.

IR calendar

July 29, 2016	Announcement of account settlement for the first quarter of FY ended March, 2017
September 30	Base date of interim dividend Fixed date of rights of shareholder incentives
Late in October	Announcement of account settlement for the second quarter of FY ended March, 2017
Late in November	Account settlement briefing for the second quarter of FY ended March, 2017
Late in December	Distribution of IR report for the second quarter of FY ended March, 2017 Payment of interim dividend
Late in January, 2017	Announcement of account settlement for the third quarter of FY ended March, 2017
March 31	Base date of year-end dividend Base date of ordinary general meeting of shareholders

Early in May	Announcement of account settlement for the term ended March, 2017
Middle	Account settlement briefing for the FY ended March, 2017
Early in June	Distribution of notice of ordinary general meeting of shareholders
Middle	The 46th ordinary general meeting of shareholders Distribution of notice of resolution, and IR report Payment of year-end dividend

Sahreholder Return

Dividend Policy

Our basic policy is carrying out the stable dividend regularly and is making an effort toward the inner reservation to deal with funding requirements in the future.

In addition, we will enhance the return of profits to shareholders by increasing the corporate value to improve the profitability.

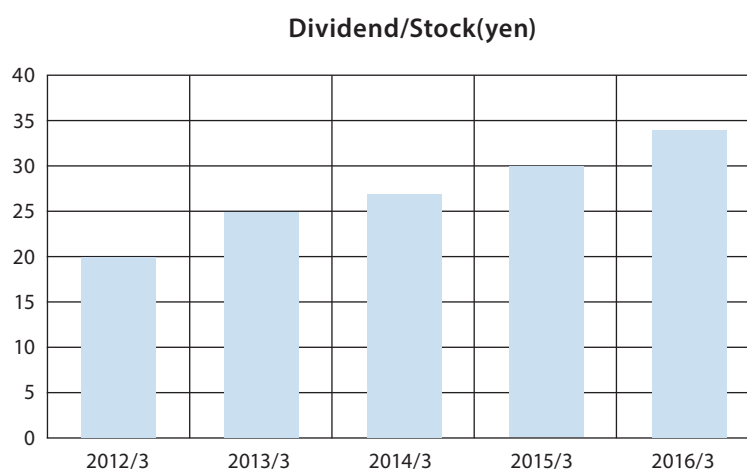
Retained earnings are used for facility enhancement 'data center' which we have been focused on and for business expansion such as the promotion of various research and development activities.

Dividend

	2012/03	2013/03	2014/03	2015/03	2016/03
Dividend/Stock(yen)	20.00	25.00	27.00	30.00	34.00
(a midterm dividend)	10.00	12.50	12.50	15.00	17.00

※ Dividend in March,2016 includes 2 yen which is the commemoration dividend.

Change of dividend



Shareholder Preferential Treatment

Shareholder Preferential Treatment

Information of Shareholder Preferential Treatment

We have a shareholder preferential treatment in order to thank for the daily support of the shareholders and enhance the attraction of our stock.

Intended shareholder

Shareholder who possess the number of our stock more than 1,000.

Contents of Shareholder Preferential Treatment

We deliver original Quo card once a year according to the number of our stock which you possess. (Delivery time is the early part of December)

Social Contribution

We contribute 10% of the donated amount separately to support group of physically handicapped.

Regarding the shareholder preferential treatment worth in December last year, we donated to the National Federation of Mental Health and Welfare Party in Japan (Public Interest Incorporated Association).

Number of Stocks Held	Contents of Shareholder Preferential Treatment
More than 1,000 stocks Less than 3,000 stocks	1,000yen
More than 3,000 stocks Less than 5,000 stocks	2,000yen
More than 5,000	3,000yen

In addition, we deliver 1,000 yen QUO card to shareholder who possess our stock more than 3 years.



Outline of consolidated financial statements

Outline of profit and loss

(Unit: in millions of yen)

	Previous fiscal year (April 1, 2014 - March 31, 2015)	Current fiscal year (April 1, 2015 - March 31, 2016)	Growth amount
Net sales	23,229	24,434	Point 1 1,204
Gross profit	5,433	5,702	269
Operating income	1,598	1,918	Point 2 320
Ordinary income	1,546	1,838	291
Current net profit attributable to owners of parent company	982	1,114	132

Outline of assets and liabilities

(Unit: in millions of yen)

	Previous fiscal year (March 31, 2015)	Current fiscal year (March 31, 2016)	Growth amount
Current assets	8,735	8,593	(141)
Noncurrent assets	17,227	16,516	Point 3 (710)
Current liabilities/Noncurrent liabilities	13,815	13,316	(498)
Net assets	12,147	11,793	Point 4 (353)
Total assets	25,962	25,110	(852)

Outline of cash flows

(Unit: in millions of yen)

	Previous fiscal year (April 1, 2014 - March 31, 2015)	Current fiscal year (April 1, 2015 - March 31, 2016)	Growth amount
Cash flows from operating activities	2,648	2,523	(125)
Cash flow from investing activities	(622)	Point 5 (468)	154
Cash flow from financing activities	(1,675)	(1,892)	(216)
Final balance of cash and cash equivalents	2,533	2,696	162

Points in the settlement values

Point
1

As the results of system construction for financial institution and distribution industry as well as data center and cloud service were brisk, net sales increased by 1,204 mil. yen.

Point
2

With the increase of both system development service and information-processing service, operating income increased by 320 mil. yen (20.1% increase), surpassing a record high income.

Point
3

Tangible/intangible fixed assets decreased by 275 mil. yen due to deduction of acquisition/depreciation, etc. Additionally, owned investment securities decreased by 237 mil. yen, and assets of retirement benefits decreased by 240 mil. yen due to an influence of the stock market.

Point
4

Earned surplus increased by 647 mil. yen. Meanwhile, net assets decreased by 353 mil. yen with acquisition of own shares of 360 mil. yen, decrease of nondomination shareholders by 250 mil. yen due to complete conversion of IST-Software Co., Ltd. into a subsidiary, and decrease of valuation difference on available-for-sale securities, etc.

Point
5

[Cash flow in sales activities]

Increased by 3,162 mil. yen coming from internal reserve due to profit and depreciation. Meanwhile, 2,523 mil. yen acquired due to increase of inventory assets and decrease of consumption tax payable, etc. along with sales expansion.

[Cash flow in financial activities]

Due to implementation of reduction of interest-bearing debt by 550 mil. yen, acquisition of own shares of 360 mil. yen, acquisition of own shares of subsidiary of 241 mil. yen (complete conversion of IST-Software Co., Ltd. into a subsidiary), and dividend payment of 467 mil. yen, etc.

Consolidated 5-year Financial Summary

(millions of yen)

	2012.03	2013.03	2014.03	2015.03	2016.03
For the year					
Net sales	20,374	21,587	22,528	23,229	24,434
Operating income	1,214	1,538	1,664	1,598	1,918
Ordinary income	1,113	1,487	1,561	1,546	1,838
Net income(Net sales by segment)	592	885	901	982	1,114
Information processing service	7,802	8,487	8,783	9,107	9,607
System development service	11,761	12,292	13,063	13,457	14,081
System products sales	811	809	681	664	746
At year-end					
Net assets	8,127	8,854	10,571	12,147	11,793
Total assets	21,405	22,459	24,514	25,962	25,110
Number of employees(personnel)	1,375	1,349	1,328	1,297	1,295
Cash flows					
Cash flows from operating activities	2,192	1,890	1,171	2,648	2,523
Cash flows from investing activities	(1,941)	(899)	(3,741)	(622)	(468)
Cash flows from financing activities	8	(1,073)	2,278	(1,675)	(1,892)
Cash and cash equivalents at the end of year	2,556	2,474	2,183	2,533	2,696
Per share information(yen)					
Net income(EPS)	45.5	67.9	63.7	66.6	76.7
Net assets	609.1	663.9	702.2	806.2	815.8
Cash dividends	20.0	25.0	27.0	30.0	34.0
Ratios					
Return on equity(ROE)	7.6%	10.7%	9.5%	8.8%	9.4%
Return on asset(ROA)	5.4%	6.8%	6.6%	6.1%	7.2%

Company profile

Trade name	I-NET CORP.																														
Headquarters	23F, MitsubishiJuko Yokohama Bldg. , 3-3-1 Minatomirai, Nishi-Ku, Yokohama, Kanagawa 220-8401, Japan Phone#: +81-(0)45-682-0800 (main)																														
Founded	April 22, 1971																														
Capital	¥3,203.992,000																														
Listing	Tokyo Stock Exchange 1st Section of the Tokyo Stock Exchange(code: 9600)																														
Board of Directors and Auditors	<p>(as of June 23 2016)</p> <table> <tr> <td>Chairman of the board</td><td>Noriyoshi Ikeda</td></tr> <tr> <td>President and Representative Director</td><td>Shigemasa Kajimoto</td></tr> <tr> <td>Senior Managing Director</td><td>Tsutomu Taguchi</td></tr> <tr> <td>Managing Director</td><td>Mitsuru Sakai</td></tr> <tr> <td>Managing Director</td><td>Hiroshi Wanibuchi</td></tr> <tr> <td>Managing Director</td><td>Tomomichi Saeki</td></tr> <tr> <td>Director</td><td>Naokatsu Uchida</td></tr> <tr> <td>Director</td><td>Akira Ishigami</td></tr> <tr> <td>Director</td><td>Naoki Tateshima</td></tr> <tr> <td>Director (※1)</td><td>Kiyoko Asai</td></tr> <tr> <td>Director (※1)</td><td>Yukiko Takenouchi</td></tr> <tr> <td>Standing Auditor (※2)</td><td>Haruki Motomura</td></tr> <tr> <td>Auditor</td><td>Kazuhiro Shimeno</td></tr> <tr> <td>Auditor (※2)</td><td>Hideo Ohashi</td></tr> <tr> <td>Auditor (※2)</td><td>Yoshihiko Tashita</td></tr> </table> <p>※1...Outside Director ※2...Outside Auditor</p>	Chairman of the board	Noriyoshi Ikeda	President and Representative Director	Shigemasa Kajimoto	Senior Managing Director	Tsutomu Taguchi	Managing Director	Mitsuru Sakai	Managing Director	Hiroshi Wanibuchi	Managing Director	Tomomichi Saeki	Director	Naokatsu Uchida	Director	Akira Ishigami	Director	Naoki Tateshima	Director (※1)	Kiyoko Asai	Director (※1)	Yukiko Takenouchi	Standing Auditor (※2)	Haruki Motomura	Auditor	Kazuhiro Shimeno	Auditor (※2)	Hideo Ohashi	Auditor (※2)	Yoshihiko Tashita
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Auditor (※2)	Hideo Ohashi																														
Auditor (※2)	Yoshihiko Tashita																														
Employees	consolidated 1,354 , Non-consolidated 903(as of April 1, 2016)																														
Business Outline	Information-processing service System development service System equipment sales																														
Qualifications	<ul style="list-style-type: none"> Ministry of Health, Labour and Welfare Filed notice of Specified Workers Dispatching Undertaking [registration number: TOKU14-01-0038] Ministry of Internal Affairs and Communications Notifying telecommunications Carrier JIPDEC Permitted for the Use of Privacy Marks(JIPDEC) [registration number:11820061(09)] 																														

	<p>Acquired the certification of ISO 9001:2008 [registration number:JQA-QM6329] 1st Data Center/ 2nd Data Center [registration number:JQA-QM7676] Control Division/ Space Development Division</p> <p>Acquired the certification of ISO14001:2004 [registration number:JQA-EM6606] 1st Data Center/ 2nd Data Center</p> <p>Acquired the certification of ISO/IEC27001:2013 [registration number:JQA-IM0093] 1st Data Center/ 2nd Data Center [registration number:JQA-IM0327] Control Division/ Space Development Division</p>
Memberships	<ul style="list-style-type: none"> • Nippon Keidanren(Japan Business Federation) • Japan Information Technology Services Industry Association (JISA) • FujitsuCenter Association (FCA) • Kanagawa Information Services Industry Association (KIA) • Information Technology Alliance (ITA)

Group Affiliate

Subsidiaries

IST-Software Co., Ltd.	<p>13F, Nissay Aroma Square, 5-37-1 Kamata, Ota-ku, Tokyo 144-8721, Japan TEL : +81-(0)3-5480-7211 http://www.ist-software.co.jp</p>
I-NET DATA SERVICE CORP.	<p>644-12, Maioka-cho, Totsuka-ku, Yokohama, Kanagawa 244-0813, Japan TEL : +81-(0)45-820-5897 http://www.inet-d.co.jp</p>